Daily Report

East Europe

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Berisha Seen as 'Unable To Understand Pluralism'

AU0606205895 Tirana ZERI I POPULLIT in Albanian 25 May 95 p 1

[Unattributed report: "Berisha Panic-Stricken. Servet Pellumbi: His Anticonstitutional Splittist Stand Has Become Evident and Dangerous"]

[FBIS Translated Text] Asked by our editor to comment on Berisha's speech in the PD [Democratic Party] national meeting of activists, the deputy chairman of the PSSH (Socialist Party of Albania), Dr. Prof. Servet Pellumbi stated:

Yesterday in the meeting of PD activists, Berisha was totally panic-stricken. His political fall and decay seems to be total and hopeless. His anticonstitutional splittist stand has become evident and dangerous. By his speech yesterday, he proved that he is prepared to incite those who call for pointing guns at his opponents, thus confirming rumors according to which Berisha pledged to the PD extraordinary conference on 5 March 1995 to use three times more violence in the coming elections than in Libofshe [past local elections] to prevent the Socialists from coming to power.

Berisha is unable to understand pluralism and cannot bear the weight of freedom, because freedom is responsibility that he is totally lacking. Thus, being himself not free, he cannot admit the freedom of others, especially the freedom of those who think differently from him, against whom he made use of the most banal swindles, taking by surprise even a good number of those present. However, we are again telling Mr. Berisha: Try to make such accusations and praise yourself in a popular referendum, and you and the others will be convinced that:

—Albania is left with no president, no government.

—The PD has lost not only its chairman, but also its sections and party organizations.

Finally, I would like to add that, given the content and the arrogant tone of Berisha's speech, the participants in the conference would have done a good service to democracy if they, instead of applauding him, had booed him.

Editorial Views Social Democrat Conference

AU0606182095 Tirana ALTERNATIVA SD in Albanian 23 May 95 p 1

[Unattributed editorial: "A Deserved Success of the Conference of International Social Democracy"]

[FBIS Translated Text] After three days of intensive work, proceeding on an extremely busy program, the International Conference of Social Democracy completed its mission successfully. It was a deserved success, thanks to perfect organization and the serious commitment of all participants. The Social Democratic Party of Albania, once again, wholeheartedly thanks the European Forum for Democracy and Solidarity, the Alfred Moser Foundation, and the Austrian Government for their generous assistance, which enabled this activity, the first of the kind organized in Tirana, to totally accomplish its goal.

The International Conference of Social Democracy "Democracy and Economic Reform" was a very important event for this country's pluralistic political life. This conference testified, once again, to the respect that the Social Democratic Party of Albania [PSDSh] has won as a serious party of clear cut European vision, since it was admitted three years ago as a member of the Socialist International. This conference also spoke of its admirable cooperation with Europe's social democratic parties, a fact mentioned by almost all participants, representatives of more than 20 social democratic parties from West and East Europe.

Having at the center of its work the very serious and integral study entitled "Transition, society, economy and Europe's future," a result of a voluminous study work based on scientific criteria carried out by specialists and experts commissioned by the European Forum for Democracy and Solidarity, the Conference was open to constructive discussions and debates. This was achieved especially in the three roundtables debates, at which a wide range of issues were grouped in the following three different sections: social problems, privatization, and finance.

Looking into these issues from the social democratic outlook and referring to concrete transition experience from various eastern countries in the post communist era by giving ample and fresh information, the speakers put forward very valuable ideas on real solutions for the present and the future as well.

As host to its European social democratic sister parties, the PSDSh took all the necessary organizational measures for the conference. It also presented its deep analyses of the heretofore democratic processes of the economic reform, putting forward with arguments its options for the reform's further advancement. It met with the full understanding and support on the part of the participants in the conference, who praised the consequent stands of the PSDSh on such cardinal problems as privatization in all its aspects, the policy of social protection, financial and fiscal policy, the combat against galloping corruption that has gripped given segments of today's state power by the throat, and so on.

The International Conference entered the PSDSh's little longer than four-year history as a culmination and, at

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the same time, a reference point. Its documents, which are of great interest for every social democrat, will be published in the party's press, serving in this way all its branches and subbranches for a more effective work in their everyday activity.

The well-deserved success of the conference opened a new chapter for the PSDSh. Now, it has a broader vision on the existing ties between economic reforms and democracy at various levels, which will certainly play a much greater role in the irreversible deepening of the democratic processes and the social market economy's performance.

PDD Expels 'Splinter Group' Leader Baleta

AU0606182395 Tirana E DJATHTA in Albanian 24 May 95 p 2

["Declaration of the Provisional Organizing Commission of the PDD Regarding the Divisive Activity of Abdi Baleta and His Group," issued in Tirana on 22 May]

[FBIS Translated Text] The provisional Organizing Commission of the PDD [Right Wing Democratic Party], at its ordinary meeting on 22 May 1995, analyzed the factional and dividive activity carried out by Abdi Baleta and his group against the PDD's program, its political line, and the decisions taken by the National Meeting of Activists held on 27 April 1995. Analysis of the facts leads to the following conclusions:

1. Although the National Meeting of Activists of 27 April 1995 had unanimously decided that all open polemics between Baleta and Kalakula should stop until the national party conference, a decision that was accepted by both sides, Abdi Baleta, breaching this decision taken by the Meeting of Activists and breaking the promise he had given on 28 April, that is only one day after the meeting, published in an illegal way one unauthorized issue of E DJATHTA, distributing it among many districts in the country. That issue of the newspaper contained a declaration by a self-styled Organizing Committee of the PDD signed by persons who had long since been expelled from the party and individuals who had never been members of our party. In this declaration, open attacks and unfounded accusations were launched against the PDD's Provisional Organizing Commission.

2. Frightened by the strong reaction of the Organizing Committee of the party, who asked Abdi Baleta to account for his disloyal and illegal conduct, and determined to pursue his factional and divisive line further, Abdi Baleta walked out of the Commission meeting and never attended its later meetings. By this act, Baleta and his associate, Skender Huta, have in actual fact deliberately expelled themselves from the Provisional Organizing Committee, and the party as well.

3. In an open affront to the decision of the National Meeting of Party Activists of 27 April 1995, Abdi Baleta restarted his public polemics published in three consecutive issues of POPULLI PO, in which he launched unfounded accusations against the party chairman and some other members of the provisional Organizing Commission. At the same time, some member of his factional group, on his instructions, spread gossip and slander against the PDD chairman and some other party leaders.

4. Going ahead with its divisive activities, the Baleta group held separate meetings in a bid to coordinate in practice its splitting acts in certain party sections in Tirana, Lezha, and in some other districts. At the same time, this group's emissaries, not being members of the party, travelled across a number of districts, trying to persuade the party members and leaders there to distance themselves from the party's legitimate leadership and unite themselves with Baleta's splinter group. This group also organized a meeting in the "Nacional" Cinema in Tirana, capitalizing on the name of the PDD.

5. In order to propagate its viewpoints outside the party's control, Baleta's factional and splinter group published a separate newspaper, using suspicious funds, or funds appropriated from the aid given to the PDD, while Petrit Lleshi embezzled the money earned from the party newspaper's sale in the district of Lezha.

Given this openly divisive activity, which clearly shows that Abdi Baleta and his group have long since decided to detach themselves from the PDD, the provisional Organizing Committee, elected by the National Meeting of Party Activists, decided to dismiss Abdi Baleta and Skender Fluta from their leading functions in the PDD and lift their mandate to represent the party at the National Conference of the Party, implying by this act their expulsion also from the PDD.

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Zhelev Receives EU Zagreb Mission Chief

AU0606182195 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 6 Jun 95

[FBIS Translated Text] Today Ambassador Albert Zureau, leader of the European Union observers mission to former Yugoslavia, briefed President Zhelyu Zhelev on the situation in Krajina and certain regions of Bosnia. During their meeting, both men expressed common positions regarding the development of the conflict in former Yugoslavia and the danger of it possibly spreading. Both President Zhelev and Ambassador Zureau voiced the hope that the issue of freeing the UN hostages will be resolved as soon as possible.

Ambassador Zureau was also received by National Assembly Chairman Blagovest Sendov and Defense Minister Dimitur Pavlov.

SDS Head Criticizes BSP Position on NATO

AU0706090795 Sofia DEMOKRATSIYA in Bulgarian 1 Jun 95 p 3

[Article by Filip Dimitrov, chairman of the Union of Democratic Forces: "NATO Issue"]

[FBIS Translated Text] Actions: Despite the fact that the Union of Democratic Forces [SDS] made all possible compromises, the Bulgarian Communist Party [BCP—Reference to Bulgarian Socialist Party, BSP, successor to the BCP]—the parliamentary faction and the cabinet—refused to say that they want Bulgaria to become a NATO member. They said that they do not want to insult Russia and this implies that they again are attracted by the prospect of becoming what used to be the 16th USSR republic, and today—just a CIS member. They said that NATO is useless because it cannot protect Bulgaria against other NATO states. Thus they demonstrated that the Warsaw Pact's bugs still reside in their heads, and that they still view Greece and/or Turkey as an enemy against whom they will fight. They said that they do not like NATO as a defense organization, thus demonstrating that they do not feel threatened by the war that is raging nearby, and that Serbia's aggressive policy does not scare them. Probably, they are also unafraid of Zhirinovskiy. Indeed, they also said that they must see first whether NATO's present or future structure would correspond to our national interests, thus putting a question mark over the national consensus that has already been achieved on Bulgaria's European and Atlantic orientation.

One could become concerned with the fact that those people are leading us toward total isolation and an abyss.

Nevertheless, we could be optimists because:

1. The world is not especially impressed by Zhan Videnov's one-upmanship and finger-waving. They are laughing at him! One way or another, sooner or later, he will have to bow his head.

2. He would find it difficult to get any support from Russia. Naturally, Russia is trying to put its hand over Bulgaria. Naturally, the Russian forces, which deal with clean and not that clean money, want to acquire control over Bulgaria's economy. Naturally, those people are closer to the hearts of our Communists. Nevertheless, they are not speaking on behalf of Russia. The incumbent Russian Government already assumed its commitments to the European and Atlantic partners—in 1993 in Corfu, and in April 1995. Thus after the 1991 and 1993 coups, our Communists are again committing themselves not to the Russian Government, but to Russia's extremist communist and nationalistic circles. This is something that is going to haunt them.

The result: 1. Despite all this, Bulgaria will not be written off. It is well known that the Communists will go away after this mandate. It is well known that afterward the SDS will govern. It finally became clear that one can rely only on the SDS and no one else.

2. The Black Sea's western coast will become the border of Europe and NATO. Russia also accepts this position. Every resistance on our part and on the part of the Russian communists will prove futile.

3. The international isolation of the BCP is growing. Its sulking on the NATO issue would not prevent the BCP from suffering the related consequences. Naturally, this would not be very pleasant for Bulgaria. After all, we are still governed by the Communist Party—but this, too, is something that will end.

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Klaus Comments on Czech-German Relations

LD0606192095 Prague Radiozurnal Radio Network in Czech 1615 GMT 6 Jun 95

[Interview with Prime Minister Vaclac Klaus by Miroslav Konvalina; place and date not given]

[FBIS Translated Excerpt] The Czech prime minister's views on pensions, the pensionable age, and Czech-German relations in the light of the Sudeten German rally in Munich are the topics of the regular interview with Vaclav Klaus today. The interviewer is Miroslav Konvalina. [passage omitted]

[Begin recording] [Konvalina] According to press reports, you did not hear accommodating words from Munich, where the Sudeten German Days were held this year. Admittedly, the speakers praised your recent address in the Bavarian town of Furth, but they accused you of abandoning your words later. They may have expected moral condemnation of the Benes decrees. Does this not mean some kind of Czech-German accusation owing to the lack of an accommodating approach?

[Klaus] First of all, I want to say that my address in Furth im Wald—which by the way has not been published in our country in any paper, it seems it interests no one, although in Germany they analyze every comma—my address was well thought-out; every word had a purpose. But I think there was a tendency in Germany to interpret the address as the beginning of something. Some want, or think, or appear to think that it was a test on my part for Czech citizens about what was possible and that I would go on afterward. I am being constantly asked what is behind my words. Czech Ambassador to Germany Jiri Grusa keeps telephoning me saying that he is being asked by political parties, the media, and agencies about what is behind this or that sentence, and I think that the ambassador keeps giving witty replies—there is nothing behind them, the sentences have exactly the meaning they have. So the idea that I abandoned something is simply nonsense. I keep saying the same thing, but some hoped that I should or could say more. I have never done that, and I do not think there is time for it now.

I do not want to analyze the expression whether or not accommodating words were heard in Munich. I think that we heard old and well-known words there that the Czech side [word indistinct] many times. The idea that we should have talks is not an accommodating approach, the idea that we should have talks goes without saying, and I never avoided talks with anyone about these issues. [passage omitted]

[Konvalina] Prime minister, thank you for the interview. [end recording]

Communist Party Leader Views Left Wing

AU0706111295 Bratislava PRAVDA in Slovak 1 Jun 95 p 9

[Interview with KSCM Chairman Miroslav Grebenicek by Alena Borovickova; place and date not given: "Our Objective Is To Reach a Balance of Political Forces"]

[FBIS Translated Text] The recently founded Party of Czechoslovak Communists (SCK), with Secretary General Miroslav Stepan at its head, allegedly intends to provide serious competition for the Communist Party of Bohemia and Moravia [KSCM]. At the same time, some of [Milos] Zeman's Social Democrats described the KSCM as extremist. Thus, we asked KSCM Chairman Miroslav Grebenicek for an interview.

[Borovickova] When discussing the foundation of Stepan's SCK, its secretary general said that entire KSCM organizations are switching over to his already 20,000-strong party. What is the truth?

[Grebenicek] The reports of mass transfers of the KSCM primary organizations to the SCK are certainly not true. There are some very isolated instances of transfers. So far, we are aware of six transfers in the entire republic.

[Borovickova] Could you characterize Stepan's SCK?

[Grebenicek] The SCK basically incorporated attacks on the KSCM and its officials into its main program objective. I have no objections against justified criticism—there is a need for it in every party—as nobody is infallible. Their program documents seem to me, however, very weak and, if I can judge the appearances by Stepan himself, they are very controversial. They vacillate between an empty radicalism and a certain state-forming quality. They are mostly unsatisfied ambitions that emanate from it all.

[Borovickova] What is the average age and structure of your party membership?

[Grebenicek] The party has more than 160,000 members. The average age is high, because as many as 70 percent of the membership are pensioners. If you figure out, however, how many KSCM members in the productive age there are, even after discounting all the pensioners, you will still have a much greater number than the membership of any other party in the Czech Republic.

[Borovickova] In the fall elections you stunned the government coalition. To what do you ascribe your election success?

[Grebenicek] I believe that we have not stunned just the government coalition but, for instance, also the Czech Social Democratic Party [CSSD]. The local elections

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demonstrated how false the data is on party support based on public opinion surveys. Many people are afraid to answer that they will vote for the KSCM, and name some other party—the CSSD, for instance.

[Borovickova] There are several left-wing parties in Bohemia. Which one of them is the closest to the KSCM?

[Grebenicek] None of them. If I had to pick one, however, I would favor the Party of the Democratic Left, which acted much more decently at the time of its foundation and also later, and of which there are absolutely no reports of behind-the-scenes talks with the government coalition parties. If I have to comment on the Left Bloc and the Party of the Democratic Left, however, I would say that, despite its fluctuations, the CSSD is much closer to the left wing than either of these two parties.

[Borovickova] In this context, what are your relations with Zeman's Social Democrats and, in general, how do you feel about their statement at the 27th Congress that they will not cooperate with the opposition, which, in fact, is linked with extremism?

[Grebenicek] I consider Milos Zeman's statement to be a political faux pas. It was probably supposed to represent adulation for the right wing within the CSSD, but it was rather unfortunate. In the end, the Social Democrats will have to choose. If they continue to reject the KSCM, they will be stuck with the right-wing government coalition for a partner. True, they can temporarily get in the government on such a basis but, at the same time, it is a path toward historical discreditation. Nevertheless, we know that many Social Democrats disagree with the congress resolution. I gather that the CSSD will not get far with a primitive anticommunism.

[Borovickova] Do you have a partner in Slovakia?

[Grebenicek] We have contacts with the Communist Party of Slovakia, and on a local level also with the Party of the Democratic Left. We follow with interest the development of the Association of Workers of Slovakia, and also other entities. A party with a political orientation identical to that of the KSCM, however, does not exist on the Slovak political spectrum.

[Borovickova] The CSSD has already presented its election program "Victory." What is the KSCM planning?

[Borovickova] We will certainly not put "victory" in our program, although it is very likely that our election results will be better than those of the CSSD. After all, this was demonstrated in the local elections. We are drafting the KSCM 2000 program as well as an election program, but I will not tell you any more than that. We are not aware of any reasons for publishing the election material prematurely. The only thing I would like to emphasize is our election objective—to begin with, we want to achieve at least a balance of political forces in the Czech Republic so nothing could be decided without us, and the time of laws adopted from above that ever more reduce the rights of the unprivileged citizens would come to an end.

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Kovac Views EU Integration, Hungarian Minority

AU0606135895 Vienna DER STANDARD in German 6 Jun 95 p 2

[Article by Martin Schwarz: "Austria as a Moderator"]

[FBIS Translated Text] Vienna/Keszthely—Slovak President Michal Kovac advocates a more active Austrian role in the EU's dialogue with the associated reform countries of East Central Europe. In an interview with DER STANDARD on the sidelines of the latest summit in Keszthely, Kovac suggested a new dialogue forum where the reform states should clarify their line among each other before their talks with the EU.

Austria, which stands out "for its consistent integration policy," is to act as a "mediator" and "moderator" of the future conferences between the reform states. He also discussed this with President Thomas Klestil, he said. Kovac also advocates policy coordination by the countries of East Central Europe, with a view to the EU government conference in 1996.

In this area, Kovac also sees himself in agreement with his domestic policy opponent, Prime Minister Vladimir Meciar. The president rejects assumptions that the head of government is skeptical about Slovakia's speedy integration within the European structures: "I cannot perceive a difference between my attitude and that of the government." The government acts in line with the association agreement between Slovakia and the EU. However, the institutional structures still have to be developed. Kovac also hopes for Austria's active help in this issue.

Meanwhile, the question of the treatment of the Hungarian minority in Slovakia is increasingly becoming the point of crystallization in the controversy between the president and the prime minister. In an interview with DER STANDARD, Kovac accused the government of failure to carry out serious dialogue with the Hungarians. "There are serious differences between the government and the minority. The problem is the absence of a dialogue between the government and the minority. However, I insist on dialogue." Kovac also reproaches Meciar for his failure to consistently continue the negotiations with the Hungarian Government on concrete implementation of the (not yet ratified) Basic Treaty.

President Kovac Meets Cypriot Foreign Minister

LD0606161795 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 6 Jun 95

[FBIS Translated Excerpt] [Cypriot Foreign Minister] Alexandros Mikhailidhis continues his three-day visit to Slovakia. [passage omitted]

President Michal Kovac received the Cypriot foreign minister this morning. Jozef Rebo has more details.

[Rebo] [Passage omitted] We asked the foreign minister what his expectations were before his visit to Slovakia and whether he was satisfied with the results of the talks. Mikhailidhis said, among other things:

[Begin Mikhailidhis recording in English with superimposed Slovak translation] I am extremely happy with the talks. It was my pleasure to meet your president, who repeated his invitation for our president to visit Slovakia. The Cypriot president is very interested in visiting Slovakia. At the same time, I confirmed the invitation for Michal Kovac to pay an official visit to Cyprus. [passage omitted] [end recording]

[Rebo] Speaking about today's meeting in Primate's Palace, presidential spokesman Vladimir Stefko said, among other things:

[Begin Stefko recording] [passage omitted] The president confirmed Slovakia's position supporting the territorial and international sovereignty of the Republic of Cyprus, which has been divided for several long years now, with one-third occupied by Turkey.

The two politicians discussed and assessed the domestic political situation in the two countries. [passage omitted] The president accepted the invitation to visit Cyprus and said he wishes that Cyprus and Malta would join the European Union and that Cyprus would enter the next millennium as a united country. [passage omitted] [end recording]

Cabinet Discusses FNM Finances, IMF Memorandum

AU0706094795 Bratislava NARODNA OBRODA in Slovak 31 May 95 p 2

[Report by Alica Durianova: "The Government's Secret Talks on the Response to Klaus"]

[FBIS Translated Excerpt] Bratislava—At its 23d regular session yesterday, the Slovak Government discussed a National Property Fund [FNM] report on orienting the privatization process in conjunction with generating liquid assets for the FNM. It says in the report that the FNM will need at least 7.3 billion korunas [Sk] by 30 June 1995 to pay off outstanding claims, while the FNM's assets as of 15 April 1995 amounted to just Sk430.2 million.

The total amount of FNM liabilities repaid this year is estimated at Sk15 billion. In view of the acute need to generate assets, the FNM would like to speed up the sale of majority stakes in privatized enterprises, while giving priority attention to large enterprises.

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The government also had on its agenda yesterday secret talks on a report on the options for resolving payment relations with the Czech Republic in connection with the planned termination of the Payments Agreement between the Czech and Slovak Republics. According to information from the director of the Office of the Government Press Department, the Slovak prime minister will reply to the letter from the Czech prime minister on ending the validity of the Payments Agreement within the deadline—that is, by today at the latest.

The government also approved yesterday the definitive version of the IMF Memorandum in which the government confirms its intention to place property worth Sk40 billion in the second wave of coupon privatization, to privatize property worth at least Sk60 billion by September, and to privatize even more property worth Sk20 billion by the end of the year. The plan to "increase the price of gas, electricity, and heating by 10 percent in the fourth quarter" was removed from the original draft of the memorandum.

This plan is formulated less specifically in the definitive version of the memorandum: It is necessary to adopt measures to harmonize the price of gas, electricity, and heating with the real costs of producing them. [passage omitted]

UNPROFOR Enlargement Not Considered

AU0606120395 Bratislava SME in Slovak 2 Jun 95 p 1

[Report by "jac": "The Slovak Republic Will Not Enlarge Its Units in UNPROFOR"]

[FBIS Translated Text] "For the time being, the Slovak Republic is not considering enlarging its planned 606-member contingent," Defense Ministry spokesman Frantisek Kasicky said, in reply to our question whether the Slovak Republic was considering enlarging the Slovak contingent operating on the territory of Croatia. One of the reasons, according to Kasicky, are the financial resources of our state. According to the spokesman, the Defense Ministry has of no information suggesting that the hostages [taken by the Serbs] include any Slovak members of UNPROFOR [United Nations Protection Force]. Asked by SME whether the possibility exists of the Slovak Republic withdrawing its soldiers from Croatia in the event the situation in former Yugoslavia deteriorates, Frantisek Kasicky replied: "The Slovak Republic will fully respect decisions made by the UN Security Council in this regard."

Hungarian Parties, OSCE Discuss Minorities

LD0606201495 Bratislava Slovak Radio Network in Hungarian 1300 GMT 6 Jun 95

[FBIS Translated Text] Max van der Stoel, the minority high commissioner of the Organization for Security and Cooperation in Europe [OSCE], has met leaders of Coexistence and the Hungarian Civic Party [MOS].

Laszlo Nagy [MOS chairman] told him that, since the end of World War II, the present government program was the first one that had no chapter on national minorities. The State Budget also had negative effects on minorities, and the Ministers of Culture and Education violated the relevant law by transferring a significant part of the money earmarked for support of national minorities—which is 60 percent lower than last year—to the government paper SLOVENSKA REPUBLIKA, the MOS chairman said.

According to Coexistence Deputy Chairman Arpad Duka-Zolyomi, van der Stoel specifically asked about minority education matters and school governing bodies. Duka-Zolyomi stressed that Hungarian minority politicians supported plans to improve the quality of Slovak-language teaching, and the Teachers' Association had already taken steps in this direction by forwarding their plan to the ministry.

The Slovak-Hungarian Basic Treaty was also discussed by the OSCE official and the Hungarian party leaders. The Hungarian politicians expressed their concern that, by delaying the ratification of the Basic Treaty, laws contradicting the principle of the interstate document could be passed, and this situation could lead to further tension.

OSCE Official 'Misunderstood'

LD0606213895 Bratislava Slovak Radio Network in Hungarian 1630 GMT 6 Jun 95

[FBIS Translated Excerpt] Representatives of the Hungarian parties have held talks with Max van der Stoel, minority high commissioner of the Organization for Security and Cooperation in Europe [OSCE], who is staying in Bratislava. [passage omitted] Bela Hajak reports:

[Hajak] I am talking to Bela Bugar, chairman of the Hungarian Christian Democratic Movement. [passage omitted]

As far as I know, the OSCE high commissioner does not normally form an opinion directly. Despite this, today's press writes that he told the government he was not against alternative education.

[Bugar] Naturally, we have asked him about this and showed him a copy of PRAVDA, which says that the

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introduction of alternative education is based on his idea. He began laughing and shook his head. They keep misinterpreting everything. After his last visit, he had to reply to Slovak allegations from Budapest, which was his next port of call. I think it is very embarrassing for him that his words are being misunderstood and then carried in the daily press.

Coexistence Leader: Romanian Ties 'Negative'

LD0606213095 Bratislava Slovak Radio Netowrk in Hungarian 1530 GMT 6 Jun 95

[Interview with Coexistance Movement Chairman Miklos Duray by Istvan Tomko; place and date not given—recorded]

[FBIS Translated Excerpt] The main topic at the news conference of the Coexistence Movement today was Ivan Gasparovic's Romanian visit. According to Chairman Miklos Duray, the system of relations in the offing between Slovakia and Romania can be regarded as negative from the viewpoint of development in Central Europe. Istvan Tomko interviewed Duray:

[Begin Duray recording] I consider Chairman Gasparovic's statements to be very dangerous—particularly, the phraseology he used. He said that they were talking about a common neighbor with whom both countries had problems. [passage omitted]

This remark makes me recall very bad historic events, particularly from the era between the world wars: the memory of the little entente. [passage omitted]

Gasparovic's current visit and other aspects of Romanian-Slovak relations point in the direction of the emergence of a system of relations between Romania and Slovakia that can be regarded as negative from the viewpoint of development in Central Europe. [end recording]

Ethnic Slovaks in Croatia Feel 'Pressures'

AU0606165495 Bratislava SLOVENSKA REPUBLIKA in Slovak 2 Jun 95 p 3

[Interview with Michal Spevak, chairman of the Slovak Heritage Foundation in Yugoslavia, by Maros Smolec, conducted during Spevak's "current two-week working visit to Slovakia": "Let Us Not Forget Our Fellow Countrymen Abroad"]

[FBIS Translated Excerpt] [Passage omitted] [Smolec] Introduce to us, please, the organizational structure of the Slovak Heritage Foundation [Matica Slovenska] in Yugoslavia and its activity.

[Spevak] Our Heritage Foundation resumed its operations five years ago. There are more than 64,000 Slovaks living in Yugoslavia. We encompass 12,000 members who are organized in 24 local organizations. The basic aim of the Slovak Heritage Foundation in Yugoslavia is to preserve the identity of Slovaks living in the Lower Country [term used for territory to the south of the Danube]. [passage omitted]

[Smolec] What are the most burning issues afflicting Slovaks living in Yugoslavia?

[Spevak] The most difficult situation is in the town of Ilok, which is located on the territory of the Republic of Serbian Krajina. This is, in fact, Croatian territory occupied by Serbian units. Before the war, 1,700 Slovaks lived in Ilok, of whom only slightly over 1,000 are left as a result of the Croat-Serb conflict. Unless the economic situation and the living standards of the population palpably improve, there will be another wave of emigration, be it voluntary or forced. There exist certain pressures on our minority exerted by groups of Serbian extremists. These people are not interested in common welfare and ending the war; they only pursue their own interests. They have also departed from official Serbian Government policy toward minorities. Serbian police bodies are, therefore, taking steps against them.

The Slovaks in Ilok need help. We would appreciate it if Slovak authorities and organizations became involved in this humanitarian operation. The people of Ilok would be helped, in particular, by food, medicine, and clothing. [passage omitted]

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Horn Comments on Talks With President Clinton

LD0606172495 Budapest Kossuth Radio Network in Hungarian 1600 GMT 6 Jun 95

[FBIS Translated Text] At his talks with Hungarian Prime Minister Gyula Horn, Bill Clinton confirmed that Hungary has a chance to become a NATO member in the first round. Miklos Martin Kovacs reports from Washington.

[Kovacs] It was good to hear President Clinton call the Hungarian Government's decisions made in March historic, Gyula Horn said after bidding farewell to his host in the Rose Garden of the White House.

Incidentally, the farewell was preceded by an unusual thing: Bill Clinton rode on an Americanized articulated Ikarus bus parked at the Rose Garden. The City of Washington has placed an order for 45 buses and the Hungarian delegation managed to get permission for one bus to drive into the more and more tightly guarded White House garden.

After the state-of-the-art promotion action, the Hungarian prime minister briefly spoke about what the two delegations discussed in the Oval Office. The American delegation included Vice President Al Gore, Secretary of State Warren Christopher, Antony Lake, assistant to the President in the National Security Council, and Richard Holbrooke, assistant secretary for and expert on European and Canadian Affairs in the Department of State.

Gyula Horn said that President Clinton wishes to continue to support relations between Hungary and the international organizations, including the IMF, and he will help Hungary become a member of the OECD. President Clinton confirmed that Hungary has a good chance of being admitted into NATO in the first round, if the expansion does take place. According to Gyula Horn, it could happen as early as 1997.

Horn said he left the White House very satisfied. Then he went to the Department of Trade where, fittingly, the American Ikarus bus carried the Hungarian delegation.

Horn Views U.S. Visit, Bokros's Severance Pay

LD0706100595 Budapest Kossuth Radio Network in Hungarian 0800 GMT 7 Jun 95

[FBIS Translated Text] According to Prime Minister Gyula Horn, a new wave of U.S. investments might start in Hungary because U.S. businessmen are seriously interested in the privatization of large companies and strategic industries. Following the second day of his visit to the United States, Gyula Horn was of the view that significant progress has been made in Hungarian-U.S. relations over the last 18 months.

Regarding Finance Minister Lajos Bokros's severance pay of 16 million forints [received from his previous employer, Budapest Bank], Gyula Horn said that Lajos Bokros had not used the money, but deposited it. He is legally entitled to this; therefore this severance pay can hardly be described as unethical, Gyula Horn added.

Article on Difficulties of Joining NATO

95CH0228B Budapest FIGYELO in Hungarian 6 Apr 95 p 5

[Article by Peter Deak, a retired colonel: "NATO: The Price of the Ticket"]

[FBIS Translated Text] Hungary's NATO membership is an ongoing issue both at home and in international debates and negotiations. But few words are said about the fact that we must pay a price, perhaps a full price, for our justifiable membership. But how much does the entrance ticket to NATO cost? And how much will we have to pay later for being inside, for our "daily care"?

The first phase is preparat[illegible]neeting certain requirements; let us call this our c[illegible]ility for integration. Part of our public thinks that our military expenditures must be increased by many billions, for we must be on a par with NATO's armed forces. A notion is steadfastly maintained by those who, either as politicians, soldiers, or war industrialists, lived through, in accordance with the Warsaw Pact's expectations, the so-called double tier program in the 1960's, namely, that one had to match the structural and military quality of both the potential enemy (NATO) and the allies (Warsaw Pact). The declaration that we achieved this (i.e., it is not certain that we achieved it in reality) was made in the 1970's.

But today the situation is different. We must catch up, not because of an imaginary military threat, but because of modernization. This means a modernization that must be implemented anyway, but one that we are unable to complete by ourselves. The point is not that the Hungarian army must have weapons, intelligence, logistics, and a network of air bases that are identical to, say, those of Holland; rather, it is that its structure, its condition, and its profile must be modern and adaptable. The point is that our defense policy must include further modernization. In other words, the point is to become identical in principle which is, of course, impossible without a certain material basis. Western soldiers understand when an army is struggling with a lack of resources, but they never understand poor troop organization or a lack of ability for action or obsolete technology. A smaller but more operative army: that is the road and that is the price, combined with an armed forces reform, which cannot be postponed anyway.

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Thus, these expenses would be recovered during the process of joining. At any rate, defense would need an extra 15 percent financing. Only a part of this would occur in the procurement sphere; most of it would be used for training of officers and troops, and in creating livelihoods for them.

The economic sphere would also be affected by one of NATO's first requirements, the so-called civil control. The most important elements of it are a clear military budget and program financing, and the requirement that legislation be in a decisionmaking position during the detailed discussion of financing. Our system and methods not only do not meet this requirement, but are almost contrary to it. During the past years, the military leadership forced the ministry to provide additional financing by presenting a status quo (and the ministry presenting a status quo to parliament). A politically controlled and rational defense system requires developments, acquisitions, maintenance, and realistic assessments of needs, based on sound professional justifications.

It is another question, how much the regular "membership fee" will be. NATO went through a period when it required its individual member states to increase their military expenditures by 3 percent annually. There is no such requirement now. Today, the amount needed for the operation of NATO's institutions is calculated and equitably distributed, and then the given countries approve it by vote, including it in their own budgets. Some developments are done cooperatively, on the basis of joint programs, and are generally accompanied by cooperation between the military industries of the member states. On the basis of certain strategic considerations, the individual states may be advised by NATO to implement special and needed developments, for which it may provide support through internal relief programs. And it is up to the member states to decide in what way, how efficiently, and at what cost they live up to their allocated or assumed defense obligations.

A final deduction: for a country in which a certain degree of economic stability has been attained and in which growth can be expected, the entry fee is more than compensated for by the political and "atmospheric" benefits. For us, however, the question is, for the time being, which comes first: our NATO membership c. our economic rehabilitation?

Public Reaction to Government's Austerity Program

95P20676A

[FBIS Media Note] The Hungarian press has given extensive coverage to the overwhelmingly negative public reaction to the government's recently announced austerity program, which calls for significant reductions in welfare benefits and social entitlements.

According to the daily NEPSZABADSAG on 20 March, a public opinion poll conducted by the Szonda Ipsos agency on 16 March among 500 city dwellers showed that 66 percent of the respondents reacted "angrily" to the austerity measures while only 15 percent viewed them "with understanding." (Fifteen percent were "neutral" and 4 percent "did not know.") A breakdown indicated that people with "diplomas" reacted more positively, with 30 percent of them saying that they understand the need for the measures. Those who "sympathize" with the leading Hungarian Socialist Party (MSZP) were "even more tolerant," NEPSZABADSAG noted, with 47 of these respondents showing understanding and 33 percent reacting with anger. Supporters of the Alliance of Free Democrats, the junior partner in the governing coalition, "were not so loyal," but they still accepted the program in greater numbers than the overall population, with 41 percent of them responding positively and 47 percent negatively.

The poll showed that the "most criticized" measure in the government program calls for imposing tuition at higher education institutions, which presently are free. Introduction of tuition is "not justified at all" in the opinion of 57 percent of those asked; 27 percent consider it "partially" justified, and only 10 percent consider it "completely" justified. The measure calling for restricting family and child-raising supplements—currently provided to most families with small children—to the most disadvantaged social strata was considered "unjustified" by 49 percent of the respondents, with 31 percent accepting it partially and 16 percent accepting it completely. Fully 70 percent rejected the assertion that the government "has no alternative" to adopting the austerity measures to avoid an economic crisis, and only 17 percent agreed with it. The poll showed that an "overwhelming majority" of the respondents, 81 percent, think that "their family circumstances will deteriorate" as a result of the austerity program, NEPSZABADSAG reported.

Hostility to the tuition measure was reflected in large student demonstrations on 22 March in Budapest—and many other major cities—reported the trade union daily NEPSZAVA on 23 March. According to the report, led by the Student Self-Government National Federation (OFESZ), 10,000-12,000 students marched across Budapest to protest at the finance ministry. Addressing the demonstrators, the president of OFESZ stressed that the protest was not against tuition "but against the timing and method" of introducing it. The government promised just a month and a half ago, the speaker said, that tuition would only be imposed

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in conjunction with a new higher education program and that the step would not be taken before September 1996. According to the paper, Finance Minister Lajos Bokros addressed the demonstrators but they interrupted "his short speech" several times with "whistles and shouts" as he told them that the 2000-forint—about $20—monthly tuition is "only symbolic." The sum is so small, Bokros suggested, that he had to "laugh" at the "many idiotic things" that were being said regarding it. Calling Bokros's remarks "infuriating," OFESZ's vice president warned that if the finance minister—who had canceled a meeting with the students—fails to hold "successful" negotiations with them, OFESZ might urge students to resort to "civil disobedience" and refuse to pay the tuition, NEPSZAVA said.

The press also reported that numerous trade unions and other employee organizations have condemned the austerity measures. NEPSZAVA (16 March) said that the leader of the employees' section of the Interest Coordination Council—the forum for ongoing consultations among the government, employees, and employers—charged that the government "wants to circumvent" the Council in preparing the legislative amendments related to the austerity measures. The paper also reported on the separate protests issued by the Public Education, the Health Care Workers, the Retired Persons, the Public Sector, and the Military Workers unions. Similarly, NEPSZABADSAG (17 March) reported that the Democratic Trade Union of Teachers attacked the austerity measures because they "conflict" with the government's previously announced program and "only weigh heavily on those who live on wages and salaries, and on public sector workers." The paper also said that the Cooperative Forum of Trade Unions condemned the government for failing to consult with employees before deciding on the program, saying that "this practice destroys interest coordination and seriously endangers social peace." According to MAGYAR HIRLAP (17 March), the president of the Food Industry Trade Union Association "dissociated himself" from the statements of Sandor Nagy, head of the National Federation of Trade Unions and a prominent MSZP leader, who has shown "understanding" toward the government's measures in some of his statements.

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Kozyrev Assessment of Bosnia Situation Viewed

MS0706085795 London ITV Television Network in English 1900 GMT 6 Jun 95

[Interview with Russian Foreign Minister Andrey Kozyrev by presenter Jon Snow in London on 6 June; from the "Channel Four" news—recorded]

[FBIS Transcribed Text] [Snow] Well earlier I spoke to the Russian Foreign Minister Andrey Kozyrev still in London for talks with John Major tomorrow, and I asked him if Russia was still afraid that the new rapid reaction force would take on an offensive role in Bosnia?

[Kozyrev] I shared with my British colleagues and before that the contact group with other colleagues our concern and apprehension that there might be slip-slop movement into change of the nature of their operation, but there is very dangerous especially combination of wars—if you have peacekeeping operations and peacekeeping force and some other force which starts war type operations rather than peacekeeping type of operation.

[Snow] But that is what it is looking if it might happen now.

[Kozyrev] Yes, if this is the danger then we are very concerned and we are against it, because that will draw international community and make the peacekeepers even more vulnerable to the attacks and draw them right into the middle of this war which they are not prepared to do—don't have mandate from the UN for that matter and they will be just taken more and more hostages and probably even killed, and we have Russian peacekeepers there so we don't want them to be drawn into something which they were not equipped and sent for.

[Snow] But how do you limit it, how do you stop this force becoming an offensive force?

[Kozyrev] If there is real dramatic or substantive enlargement of the force then it will be duly presented to security council, and only after security council passes this special resolution that will be put into effect, so we have time to consider the offer, to consider draft resolution to discuss those things. But basically we are for strengthening the effectiveness and protection of the peacekeepers, for simple reason we have our own peacekeepers taken hostages and we want them to be better protected, so there is no question about it.

[Snow] Can I just ask you from your quite close contacts with Belgrade, how far do you think President Milosevic is from recognizing Bosnia?

[Kozyrev] I think mostly at the same distance as some members of the contact group to providing with a realistic formula for suspension of sanctions.

[Snow] So what does that really mean, are we within...

[Kozyrev, interrupting] The distance is I think almost semitical for him to move to recognition and for the other side to move to realistic formula of the suspension of sanctions.

[Snow] But do you think that it can be done, and can it be done quickly then, that bridge?

[Kozyrev] I think it can be done and that's the window of opportunity before us, we have not only desperation in the situation but we have also window of opportunity provided mostly by the fact that President Milosevic and Belgrade is firmly supporting the peace plan.

Prime Minister Presents Quarterly Report

AU0606133595 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 25 May-1 Jun 95 p 4

[Report by Enver Kreso, Mirsad Cemun, Abdulah Konjicija, Faik Uzunovic, Mevludin Sejmenovic, Samir Sutkovic, Ejub Hodzic, and Abdulah Topcic on news conference by Bosnia-Herzegovina Prime Minister Haris Silajdzic; place and date not given: "Strategy of Preserving Bosnia"]

[FBIS Translated Text] In the past 100 days, the Government of the Republic of Bosnia-Herzegovina has, in all its activity, tried to carry out the strategic directions of the state policy determined by the Assembly. The government has constantly been trying to direct its "compass" toward the preservation of the territorial integrity and international identity of Bosnia-Herzegovina as a democratic state in which all nations will be equal and in which every citizen will have full personal freedom. This appraisal was given by Prime Minister Dr. Haris Silajdzic at the start of the news conference on the occasion of the report on government activity in the period from 21 February to 15 May 1995.

Having asserted that the government is following the doctrine of achieving results in a political way—if possible, but also in a military way, if the aggressor does not accept political solutions, which is unfortunately the case—the prime minister put particular emphasis on several topics.

Revival of Industry

Economic system: Regarding the realization of the energy balance and the programs for the reconstruction of mines and hydroelectric and thermoelectric power plants, the prime minister said that 782 billion watts of electricity were produced in the first four months of 1995, and that production is greater than consumption, because all industrial facilities are not working or

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are working at reduced capacity. The results of coal production fell short of what they could be, although in comparison to the same period last year they are 31 percent higher. The underachievement of production at Tuzla Coal Mines is evident.

The expected balance of oil and oil derivatives has been surpassed by 21 percent. The natural gas situation is still unsatisfactory.

"So far, around 75 percent of fields have been sown, according to the spring sowing plan," the prime minister said, estimating that, by the end of this month, the sowing plan will have been fulfilled. Despite all the problems, 1,250 metric tons of seeds have been delivered to the Bihac district.

The situation in the sphere of industry has improved noticeably. If the results achieved in April are compared to the average monthly production in the last year, then the former are 162.7 percent higher than the latter. Compared to the results from April last year, this year's April production is 215.4 percent higher.

Commenting on the sphere of public revenue, the prime minister asserted that its size expressed in BHD [Bosnia-Herzegovina Dinars] in the first quarter of 1995 is eight times greater in comparison to the same period last year. This has contributed to a significant reduction in the budget deficit and enabled more a efficient implementation of monetary policy and the preservation of the value of the domestic currency. The foreign exchange earnings of the republic have risen through customs duties and luxury taxes. Nevertheless, foreign exchange earnings have not fulfilled the plan, which was mostly the result of the decision by HVO [Croat Defense Council] controlled organs to introduce a deposit for the transit of goods through areas under its control.

"It is no secret that the major part of the budget will be spent on the defense of the country," the prime minister pointed out.

Defense of the country: There is no sphere of life that has not been put to support the defense, the prime minister said, and made it known that the possibility of temporarily releasing from the Army of Bosnia-Herzegovina a certain number of students of scarce branches of business so that they can continue and finish their studies has been studied.

A unique system of logistical support for all segments of the Army of Bosnia-Herzegovina have been completed. Production has begun in a certain number of companies to cover the needs of the Army and thus provide more-stable sources of logistical support.

Return of Refugees

Refugees: The war has entered its fourth year. Day by day, and particularly with each year of the war, the percentage of refugees who will return to Bosnia-Herzegovina drops significantly. This also is a part of the "ethnic cleansing" strategy directed at a lasting change in the demographic structure, with the goal of creating new political realities based upon it. Such a policy should be opposed by commencing the process of the organized return of the people to the country as quickly as possible.

One positive sign is that a certain number of refugees are returning without waiting for the organization of transit and reception. We can consider them a vanguard because the stream of refugees has only to start flowing. We have passed the regulations on refugees and displaced persons and, on the basis of that, the government will approach the unpleasant project of providing the necessary funds for the creation of the basic conditions for the return. Each and every person who returns is a battle won against the aggressor, against "ethnic cleansing," and against genocide.

Education: By having pointed out what has been done in the sphere of education for 200,000 elementary school pupils, 65,000 high-school students, and some 15,000 university students, who represent an investment upon which the future of the country depends, the prime minister said that the sacrifice made by some 15,000 teachers and professors in elementary schools, high schools, and universities is priceless.

Heritage: Recently, the wave of the destruction of cultural and historical monuments and religious buildings in the region of Banja Luka has been repeated. This event demands a reaction. Two years after the destruction of the Ferhadija, Arnaudija, and Gazanferija mosques and all other buildings that belong to the Bosniak-Muslim civilization and historical circle in the area of the Bosnian krajina—the aggressor now, by fire and explosives, is destroying Catholic churches and Franciscan monasteries in Banja Luka, Bosanski Aleksandrovac, Nova Topola, Vujanovici, Sargovci, and other places. The government has been systematically registering data on this and on the total devastation of the cultural heritage of the peoples of Bosnia-Herzegovina caused by the aggression. This report will not only serve as a testimony of cultural genocide, but also as the basis upon which we will demand restitution and endure in our attempts to raise a mosque in the place of a demolished mosque and to build a church in the place where a church stood before, Prime Minister Silajdzic concluded.

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[Box, p 4]

Discussion on Government Report

The unanimous appraisal of all the participants in the discussion is that the government's quarterly report on its work, presented to the Assembly, is worthy of praise. At the same time, praise should go to the support that was given to the report, which was accepted unanimously. Suggestions were made to speed up the work on conceiving the model to solve the shortage of staff at the universities, to take additional measures to fulfill plans in agricultural production, to inform delegates about activities regarding the succession, to invest additional efforts in returning paraplegics to social life, to improve the flow of information toward refugees, and to protect state property more efficiently, especially in companies.

Foreign Minister Interviewed on UN Troops

NC0606191895 London MBC Television in Arabic 1812 GMT 6 Jun 95

[Interview with Bosnian Foreign Minister Muhamed Secirbegovic at Heathrow Airport by Madani 'Amir on 6 June; Secirbegovic speaks in English with Arabic subtitles, and the correspondent asks questions in Arabic—recorded]

[FBIS Translated Text] [Secirbegovic] I think that the world seems to be once again violating its own standards. We've heard of many other situations, including the one in the Middle East, where you don't focus on the hostages because you give them too much value. You focus on the mission. That rule, that sound principle, seems to apply in the Middle East. But it does not seem to apply in Bosnia-Herzegovina. We find that it is not only counterproductive, but unexplainable.

['Amir] France and Britain recently decided to send troops to protect their troops in Bosnia. Who in your view can protect the Bosnian citizens during their daily suffering?

[Secirbegovic] There is no other reason to send rapid deployment forces to protect British, French, or other UN forces except to make it more effective; that is, to make the UN forces more effective in protecting the civilian population. Otherwise, you end up having one troop defending another set of troops, then a new set of troops to defend those troops. I think that we need to come back to the real core issue, which is the problem of aggression and of genocide and attacks on civilians in Bosnia-Herzegovina.

We speak of the withdrawal of the UNPROFOR [UN Protection Forces]. We seem to speak of the whole force, including many from Arab and Muslim countries. I don't think that we should assume that the British, the French, or anyone else can dictate to the United Nations or to those other countries what should happen.

We think that there are many countries who are doing a wonderful job in Bosnia, who don't draw the attention that the British and French sometimes do. [words indistinct] The British and French frankly demand the attention. They use this leverage to try to dictate policy in Bosnia. Just because countries like Egypt or Turkey or even the Netherlands don't make their demands all the time, it does not mean that they are not doing a valuable job. In my opinion, they are doing even a better job because their assistance to the people is without political ties.

Sarajevo Radio on Serb Attacks, Alert on 6 Jun

AU0606153095

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1300 GMT carries several reports on the situation in the republic within its regular newscast.

Studio announcer Aida Omerovic reads a report by the 1st Corps Information Service that "until 1140, there had been no aggressor artillery operations on the Sarajevo front, either against the city or around it. Suddenly, the aggressor started attacking the Jezero region with a mortar from Mrkovici and a howitzer from the direction of Blagovac. Following that, the enemy opened tank fire from Osmice on Grdonj and, within a short time, fired several shells on it, fortunately with no consequences. In Sarajevo itself, aggressor's snipers acted on the well-known places, particularly near the Alipasa Mosque. The general alert is still in force and sudden actions by aggressor are possible at any time, so we remind citizens not to come out into open spaces if there is no need for them to do so. Other sections of the theater of operation of the 1st Corps are also being targeted by the aggressor's artillery, but the enemy artillery is most active in the regions of Trnovo, the Treskavica Plateau, and the Crna Rijeka Height. The aggressor is acting with heavy-caliber projectiles against the free territories, our defense lines, and the populated places deeply behind the front lines, albeit without any significant consequences. The Bosnia-Herzegovina Army fighters have their positions under firm control."

The announcer cites correspondent Jadranka Milosevic as saying that "since 0800 this morning, the aggressor resumed the artillery fire on the Hadzici Municipality free territories that he started last night. He fired howitzer shells on Pazaric District. Due to the Chetnik attacks, the general alert has been in force in Tarcin and Pazaric since this morning."

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Further on, Omerovic reads a report by the 4th Corps Information Service saying that "in the theater of operations of the Bosnia-Herzegovina Army 4th Corps, since this morning, Chetniks have been shelling the M 17 highway, firing more than 20 howitzer projectiles at it. A general alert is in force in the entire theater of operations of this corps, from Bjelimic to Vranjevic."

"We remind the citizens once again that the general alert is in force in Sarajevo, Pazaric, Tarcin, Kladanj, Gracanica, Banovici, Bihac, and towns in the theater of operations of the 4th Army Corps, so the population is warned to exert maximum caution."

To this, another announcer adds the following: "Dear listeners, we have just received a report that a general alert is in force in Breza as well."

Serb Televsion Rounds Up 6 Jun Fighting

AU0606190095

[FBIS Editorial Report] Banja Luka Srpska Televizija in Serbo-Croatian at 1830 GMT on 5 June carries within its 30-minute newscast report on the fighting in Bosnia-Herzegovina, Croatia, and the FRY [Federal Republic of Yugoslavia]. Reception is fair to poor.

An unidentified correspondent says that on the Grahovo-Glamoc front "joint units of the regular Croatian Army and the Croat Defense Council launched heavy artillery-infantry attacks on the positions of the Serb Army of Krajina on Mt. Dinara, and at the same time on the defense lines of the Army of the Serb Republic on the Grahovo-Glamoc part of the front. Zagreb indirectly admitted that the joint forces of the Croatian Army and the Croat Defense Army [as heard] are attacking the Grahovo-Glamoc area, and that the Croatian Army launched artillery attacks on the area of the Republic of Serb Krajina. Croatian Television carried several reports of foreign TV stations, without commentary, which reported on the attack of the Croatian Army forces on the Krajina. Referring to UN sources, foreign reporters have stated that artillery was used to target the village of Cetina south of Knin."

The reporter continues to say that "SRNA correspondents report from the ground that the Serb army has completely crushed the Muslim offensive on the Ozren front and forced the enemy to withdraw. The Serb defense lines in Milino Selo, Vozuca, and (?Pocjelovo), which came under the heaviest Muslim attack, have been stabilized, and the enemy forces have been forced to withdraw. Commander of the 222d Brigade of Izetbegovic's army, Bahrija Dzananovic, admitted last night that 17 of his soldiers have been killed in the offensive against Ozren, which was launched on 27 May. In a live program on the Muslim Radio Gracanica Dzananovic pointed out that the 2d Tuzla Corps of the Muslim army has suffered the most casualties, while the 3d Zenica Corps was a little better off. Dzananovic avoided answering listeners' questions concerning several hundred Muslim soldiers killed in the offensive on the Ozren-Vozuca front, and said he could only provide specific questions about the casualties in his unit. Local Tuzla media have recently intensified their propaganda-psychological activity, parallel to the offensive on Ozren and Vozuca, the aim of which is to demoralize and disorient the Serb people in the area."

Having reported on Eckhart's statement on the Bosnia-Herzegovina Army holding 86 Ukrainian UN peace forces members, the reporter adds that on the Treskavica plateau there is heavy fighting too. She says that "regardless of great losses in manpower and equipment, the Muslim army attacks continue. Since they have suffered military defeat, they have been shelling the civilian buildings in the Serb villages at the foot of Mt. Treskavica."

The correspondent continues to report on the situation on the Sarajevo front. She says that "the Sarajevo front was calm today, with the exception of constant sniper fire. Last night Muslims sent some 50 large-caliber shells from Stojicevacka Kosa towards the Serb Ilidza. Muslims also sent 20 artillery projectiles towards Ilijas, too, but there were no casualties among the civilians."

Moreover, she says that "the Information Service of the FRY Army reported today that yesterday afternoon a small-caliber projectile was sent from the area under Muslim control in the former Bosnia-Herzegovina towards the FRY territory. The report sent to the TANJUG bureau in Podgorica says that the projectile exploded in the village of Jagostica, on the right bank of the Drina River, at the foot of Mt. Tara. There was no significant material damage or casualties. The report of the Information Service says that the border units of the FRY Army have taken efficient measures to protect the territory and the population in this part of the FRY."

Shelling of Bihac, Gorazde, Maglaj Viewed

AU0606192695

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1700 GMT on 6 June within its regular newscast carries several reports on the situation in the republic.

Mirza Sadikovic reports from Bihac that "two women and a child were killed and several civilians injured as consequences of bestial shelling of the town from the so-called Serbian autonomous region of Krajina. In combined artillery and infantry attacks, Martic's and

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Abdic's fascists have been trying to move our defense lines and regain lost territories on the (?Pljesivica) section of the front. [words indistinct] artillery on the other sections of the Bihac front and [word indistinct] are active in the Velika Kladusa region."

Reporting on three people killed and four wounded in Gorazde today, Muhamed Hadziahic reports from the Gorazde District Press Center that "at 1605 [1405 GMT], Chetniks from (Lipicak) launched a combined artillery and infantry attack on our defense lines. Brave and courageous, members of the 81st Division of the Bosnia-Herzegovina Army and the Gorazde Ministry of Internal Affairs have successfully repelled this one, just as they did all other Karadzic's terrorist attacks to date."

Studio announcer Zinaida Adilovic reads a report by the 3d Corps Information Service that "sudden shelling of the very center of Maglaj began at 1315. A dozen 120-mm mortar shells were launched from the Chetnik strongholds at the foot of Mt. Ozren and caused large material damage. Fortunately, there were no casualties. A general alert is in force in Maglaj. Aggressor artillery also targeted the Maglaj suburbs and defense lines. On the other fronts of the 3d Corps theater of operations, the aggressor launched mortar and howitzer shells at times, but did not attempt any infantry breakthroughs."

Adilovic adds that "the Warning Service informs us that a general alert was sounded in Tesanj at 1744, in Gradacac at 1600, and in Kladanj at 1843."

Karadzic Orders Censorship of All Media

AU0606115795 Belgrade NASA BORBA in Serbo-Croatian 3-4 Jun 95 p 3

[Report attributed to BETA: "Strict Censorship Introduced in All Serb Republic Media"]

[FBIS Translated Text] Belgrade—Radovan Karadzic, president of the Serb Republic [RS] has issued an order introducing strict censorship in all media in the RS. The decree states that "all media in the RS" are ordered to "implement editorial policy in close cooperation with the RS government."

"The dissemination of information and all types of statements will be exclusively routed through the Information Ministry," states the decree and goes on to say that statements and information on the situation on the fronts will be disseminated via the defense and information ministries.

The decree has been submitted to the relevant state institutions, offices abroad, the SRNA news agency, publications JAVNOST, SRPSKA VOJSKA, OSLOBODJENJE [Bosnian Serb], and GLAS SRPSKI.

According to the decree, information designated for media outside the RS will be disseminated after being approved by the Information Ministry.

Statements by representatives of the state or other bodies in the RS are also subject to scrutiny prior to dissemination, as are all commentaries.

The decree further states that the activities of foreign journalists in the RS fall within the "exclusive authority of the RS press center," with the exception of war correspondents who need to obtain permission from the appropriate service of the RS army general staff.

The decree furthermore states that all institutions that are subject to these orders are to appoint representatives who will handle contacts with the public.

Karadzic's decree was issued on 31 May and was "effective immediately."

General Divjak Interviewed on Military Situation

95BA0246A Maribor VECER in Slovene 29 Apr 95 p 30

[Interview with General Jovan Divjak by Antun Skrbinac; place and date not given: "No One Can Win Any Longer in Bosnia-Herzegovina"]

[FBIS Translated Text] At a street rally—it was a celebration of Police Day in the center of Sarajevo—there were many well-known people, but no one was as welcomed and patted on the back as General Jovan Divjak. When it was my turn to shake his hand and introduce myself, I reminded him that we had already agreed on an interview. He told me which telephone number to call, and told me that there would be time to talk the next day.

And I thus reached his secretary Branka. We agreed on a time, but the interview fell through because the general had other obligations. For three hours, however, I just sat in the general's office in the building of the Bosnia-Herzegovina Army's General Staff; there were flower arrangements on a table, paintings on the wall, and carefully arranged mementos on a bureau. Among them were two plaster figures of former General and Marshal Josip Broz Tito.

[Skrbinac] We would like you, if you please, to explain in a bit more detail the new military situation in Bosnia-Herzegovina. People are talking about a spring offensive by the Bosnia-Herzegovina Army. Battles are taking place on Majevica, Vlasic, around Bihac?

[Divjak] No, it is not an offensive; that is too strong a description. Numerous soldiers are needed for an offensive, along with good weapons—artillery and tanks. We do not have them.

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[Skrbinac] In spite of that, the mass media are full of praise for the soldiers because of successful military actions and victories, especially at Vlasic.

[Divjak] That has to do with an artificial creation of optimism among people. Nothing substantial has happened during the past six months, and that is why they are now mentioning anything, just in order to arouse euphoria. The action at Vlasic actually was successful. Not, it was not a 7th Corps operation, as they state, but rather one by smaller units from a sabotage-assault formation. They were bold, unpredictable, and courageous. That is what the victory and control over the Vlasic plateau should be attributed to.

Completely Different Army

[Skrbinac] How strong is the Bosnia-Herzegovina Army, and how strong are the enemy forces?

[Divjak] The Bosnia-Herzegovina Army has about 200,000 men, and now has available a noticeably stronger professional cadre than at the beginning of the war. It is now a completely different army, but it does not have enough weapons.

[Skrbinac] Forgive me, but it has been extensively written that the Bosnian (Muslim) Army is receiving a lot of weapons.

[Divjak] Well, those are just rumors. We have received very few weapons, and no one is helping us at all, neither the Americans nor the French nor the English, because they have their own difficulties. The Islamic countries are helping the government in Sarajevo less than you think. Three Islamic countries—Malaysia, Iran, and Pakistan—are helping us, but only with monetary assistance to the families of casualties. The talk about millions of dollars is just empty talk.

[Skrbinac] Please elaborate on your assessment of the military forces.

[Divjak] From the Vlasic plateau, for instance, the Bosnia-Herzegovina Army could engage in attacks and the conquest of towns, but how, when it only has 45 tanks and 400 different artillery pieces available? One cannot even talk about offensive actions. The enemy, on the other hand, has 70,000 to 100,000 soldiers, and is constantly renewing its units, in spite of desertion. Now, for example, Serbia has sent 8,000 so-called volunteers and 40 tanks, and so the Serbian forces in Bosnia-Herzegovina now have 450 tanks and 1,800 cannons. The Serbs, however, are hampered by the 1,400-km border, because of which their forces are spread out along it.

[Skrbinac] The Bosnia-Herzegovina Army thus has more soldiers than the enemy, and the latter has more weapons. What sort of outcome do you predict from a possible conflict?

[Divjak] No one can win militarily in Bosnia-Herzegovina anymore. For the time being there is no possibility of that.

[Skrbinac] Where does a solution lie, then?

[Divjak] In a political agreement.

You Know, It Is Difficult To Control

[Skrbinac] Permit me one more question about weapons. You are reportedly producing a lot of them in your own shops.

[Divjak] They are also exaggerating about that. I would only say one thing: Before the war those shops produced 300 pieces of ammunition per day, and now they are producing that much per week.

[Skrbinac] Everyone is observing that this war is an extremely vile one, and that the army is shooting at unarmed civilians, children, old people. We recently also saw photographs of two Serbian girls who were the victims of an attack.

[Divjak] It is unfortunate that they lost their lives. The Army has condemned that crime and started an investigation. You know, it is difficult to control everything. I am personally pleasantly surprised that there have been no rapes and murders in Sarajevo. In view of how much the people of Sarajevo have suffered, one would think that they would lose control of themselves more often.

[Skrbinac] But casualties are also occurring in Sarajevo. Everything recalls the most tragic days, when there were several dozen casualties of Serbian attacks every day. After last year's NATO ultimatum, didn't the Serbs surrender their heavy weapons? Can they attack Sarajevo again? Where do they get the weapons?

[Divjak] There are still 400 cannons and 80 tanks above Sarajevo. Whenever they want—and sometimes they do so—the Serbs can seize the surrendered weapons from the storage depots where they are guarded by the Blue Helmets. There are too few of those guards.

[Skrbinac] What are relations between the Bosnia-Herzegovina Army and the HVO [Croatian Defense Council] (the Croatian army in Bosnia-Herzegovina) like, especially after the latest events, namely the establishment of a joint headquarters?

[Divjak] The Croats do not want to fight wherever it is of no interest to them. The joint headquarters does not have any real power. It mostly has inspectorate authority. We proposed joint actions to the HVO, for instance in the area around Orasje and in the Sava basin.

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The difficulty is that Croatian President Tudjman does not want to clash with Serbian President Milosevic over the Sava basin.

[Skrbinac] To what extent are you participating in the planning of military actions?

[Divjak] I am not. I only propose them. Thus, for instance, I proposed conducting lectures for our officers. The proposal was accepted enthusiastically, and I thus went around our territory and gave the lectures. In a survey, the officers evaluated me as the best lecturer. Then I was suddenly expelled from the game.

[Skrbinac] Why?

[Divjak] Probably because as a Serb in the Bosnia-Herzegovina Army, I bother the Croats. Recently Bosnia-Herzegovina President Izetbegovic offered me the opportunity to become a military attache in Paris. I know French, and spent the period of my military education there. I rejected the opportunity, however. I told him that he could of course retire me, but no one could deny me the right to fight with my own people.

[Skrbinac] If one can believe the media and the views of numerous analysts, your well-known enemy General Ratko Mladic is an extremely skilled general.

[Divjak] How so? If any normal general had what Mladic has at his disposal, he would have been at the Adriatic a long time ago. Mladic fights according to the old and obsolete theories of the Russian school. He only knows how to destroy and burn towns.

[Skrbinac] And finally, General Divjak, do you have any model among well-known generals? I was discreetly looking at the figurines of Marshal Tito.

[Divjak] My model is Su Tsu Wu, a Chinese general of 2,000 years ago. All the lessons in his *Art of War* are still acceptable today.

Bosanska Posavina Canton Government Formed

95BA0228B Mostar HRVATSKI LIST in Serbo-Croatian 7 Apr 95 p 8

[Interview with Ivo Zivkovic, member of the Presidential Council of the Croatian Republic of Herceg-Bosna, by Iljo Dominkovic; place and date not given: "Our Objective Is the Posavina, Which Is Historically Ours"]

[FBIS Translated Text] [Dominkovic] Government is now being organized at all levels on the territory of Bosanska Posavina. Are you satisfied with the candidates nominated and elected to the highest offices, and what problems are dominant in this final phase?

[Zivkovic] I have been monitoring with satisfaction the process of organizing the government of the Posavina Velezupa [Canton]. As for the nomination and election of candidates from the ranks of the Croatian people for the highest offices, I think that this is in the jurisdiction of opcina committees of the HDZ [Croatian Democratic Union] and the zupanija committee of the Posavina HDZ. So far, as is well known, the president and vice president of the Assembly of Posavina Velezupa have been elected, which unquestionably provides a guarantee that we will continue the successful policy we have had up to now of cooperation between the HDZ and the SDA [Democratic Action Party], so that in the next meeting, which we expect in mid-April, the constitution of the velezupa will be adopted and the president of the velezupa elected.

[Dominkovic] The interests of Bosanska Posavina as a whole have been finally defined with the formation of the Posavina Velezupa, by contrast with the political lethargy. To what extent do present interests coincide with the earlier interests defined in previous peace plans?

[Zivkovic] Formation of the Posavina Velezupa is an expression of the continuity of the political struggle of politically relevant entities to pursue the interests of Bosanska Posavina as a whole. There was never political lethargy concerning that fundamental political interest, but there were certain fluctuations in presentation of that interest vis-a-vis political solutions offered by relevant world political factors as a possible resolution of the political crisis in Bosnia-Herzegovina. Present interests posit Posavina in those borders in which the interests of the Croatian and Bosnian-Muslim peoples coincide, and, as such, Posavina is an integral part of the Federation of Bosnia-Herzegovina.

[Dominkovic] Almost all political activities at the level of the Posavina Velezupa have been aimed at the formation of a government and adoption of the velezupa constitution. What is to be expected from those activities in view of the specific position occupied by Bosanska Posavina (territory, available personnel, etc.)?

[Zivkovic] I mentioned earlier that I have been abreast of the formation of all bodies of government of the Posavina Velezupa, and I think that bringing those activities to conclusion, in view of the specific position Bosanska Posavina occupies, will make it possible to present our interests effectively, in the civilian sector of life, of course.

[Dominkovic] Up to now political activities at the level of Bosanska Posavina have not gone all the way. In view of earlier experiences, is there a latent danger of the activities at the moment being performed only partially?

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[Zivkovic] Along the road toward a political solution for Bosanska Posavina, activities have been conducted and reconciled with the given possibilities at the time when this issue was debated. My view is that the political influence of representatives of Bosanska Posavina has been considerably strengthened; we are better organized, and this has reduced the latent danger of our interests not being fully realized.

[Dominkovic] The public of Bosanska Posavina has up to now been more or less dissatisfied with the results of its representatives in the bodies of the HR HB [Croatian Republic of Herceg-Bosna]. Is this an occasion for a change of direction, and what specifically can be expected of you as a member of the Presidential Council of the HR HB?

[Zivkovic] I cannot altogether accept your assertion that the Posavina public has not been satisfied up to now with the results of our representatives in bodies of the HR HB, because our activity up to now has nevertheless brought about a state of political relations that has put us in the phase of forming the Posavina Velezupa, which, of course, is not our maximum target, but rather an obligation to step up our work in the future in order to realize our interests to the maximum. As for me as a member of the Presidential Council of the HR HB, there is no question that people can expect, as they have up to now, that I will fight for realization of the interests of the Croatian people in Bosnia-Herzegovina, and as a representative of the Posavina in the Presidential Council I will fight for optimalization and realization of the interests of the Posavina vis-a-vis the other velezupas of the HR HB and the Federation of Bosnia-Herzegovina.

[Dominkovic] Under the Constitution of the Federation of Bosnia-Herzegovina, new opcinas are being organized or reorganized in the federal units. Certain problems have arisen, especially in the Posavina. Have the differences been overcome concerning formation of Ravne-Brcko Opcina and a portion of Gradacac and Doboj opcinas parts of which are included in the Posavina Velezupa?

[Zivkovic] Under the Constitution of the Federation of Bosnia-Herzegovina, the federation consists of velezupas or cantons. As is well known, in the previous system the organization of opcinas tended to break up the Croatian ethnic body, and there were also such tendencies in Bosanska Posavina. Out of a desire to realize the essential national political interests of the Croatian people, formation of the Ravne-Brcko Opcina and others was initiated so that the national interest would be optimally expressed and secured. That same right has been left to the Bosnian Muslim people in the Federation of Bosnia-Herzegovina. All of this will be regulated in the Law on Velezupas in the Federation of Bosnia-Herzegovina.

[Dominkovic] Meanwhile, to what extent are the HDZ and SDA taking such problems into account at the level of Bosanska Posavina? Is there a sincere agreement between those two parties?

[Zivkovic] As far as I know, at the level of the Posavina there have been political negotiations of authorized representatives of the HDZ and SDA, and I conclude from the results so far in formation of the Posavina Velezupa that the negotiations were successful and that agreements between the parties will guarantee that the political will of both peoples will be optimally expressed.

[Dominkovic] In the last meeting of the government of the HR HB, which was held in Orasje, one of the things which was resolved was to undertake preparation for construction of the Orasje-Zupanja bridge. Can something more concrete be anticipated in that respect? What is the role of political structures in Bosanska Posavina in this, because the bridge is also a political issue?

[Zivkovic] I note with satisfaction that in the meeting of the government of the HR HB a resolution was adopted to undertake preparation of project planning documentation for construction of the Orasje-Zupanja bridge. Building the bridge, which is a vital economic project, would, in my opinion, achieve two essential objectives: First, it would put a stop to the unfounded rumors which are being tendentiously foisted on the public of Bosanska Posavina concerning the possible "sellout" of Posavina, whereby people are attempting to compromise the most responsible political figures of both the Posavina and also the HR HB, and indeed even the most responsible political officials in the Republic of Croatia, and I have made it clear that the bridge has a role as a political issue, and second, building the bridge over the Sava River would essentially invigorate economic life on the present territory of Bosanska Posavina, but it would also stabilize the situation politically, because that kind of prosperity would have a feedback on the outlook of the population.

[Dominkovic] What is the level of military preparedness of units of the HVO [Croatian Defense Council] on the territory of Bosanska Posavina, and to what extent have politicians been performing in political terms the historical task of restoring the Posavina to Croats and Bosnian Muslims, who lived for centuries in Bosanska Posavina?

[Zivkovic] The military units of the HVO on the territory of the Posavina have since the beginning of

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the Serbochetnik aggression against our space proven the high degree of their organization and also their unquestioned resolve to succeed in defense of the Posavina, not this one which we hold temporarily, but the one that belongs to us historically. We have gained the conviction from the defensive war up to now that the Serbochetnik aggressor only understands armed force as an argument in political negotiations, which does not preclude political negotiations in the future as a means of getting back the Posavina. We have given our lives to perform our sacred obligation in the past, and suffered material damage, but the objective was never questioned for a moment, and that is the Bosanska Posavina which belongs to us.

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Tudjman Concerned About Rapid Reaction Force

AU0606135495 Paris AFP in English 1214 GMT 6 Jun 95

[FBIS Transcribed Text] Zagreb, June 6 (AFP)—Croatia wants more details about the rapid reaction force for Bosnia proposed by NATO and the European Union, a spokesman for Croatian President Franjo Tudjman said in Zagreb Tuesday.

The planned force would be made up of about 4,000 men, mostly from France, Britain and the Netherlands, with several thousand more troops on standby to bring numbers up to about 10,000.

"We have asked for a clear definition of the status of these new forces from Britain and France", Hrvoje Sarinic, head of Tudjman's private office, told reporters after a meeting with the UN special representative in former Yugoslavia Yasushi Akashi.

"Will they be part of NATO, or of the United Nations Protection Force (UNPROFOR) or are they coming in the context of another operation?" he asked.

"Croatia's position with regard to these forces will depend on the nature of their mandate," Sarinic said, adding that he had been given undertakings that "the situation will probably be clarified in the course of the week."

Zagreb reacted without enthusiasm to the creation of a rapid reaction force, the first elements of which have already arrived in Bosnia from Britain after transiting through Croatia.

Croatian political circles see in the arrival of the new forces a manoeuvre by Britain to establish a position of force in Bosnia and help settle the crisis there in favour of the Bosnian Serbs.

"Britain steals a march on the Americans", commented Monday the daily VECERNJE NOVOSTI, which reflects Croatian government thinking, referring to Washington's support for the mainly Moslem Bosnian government in the conflict.

Tudjman Discusses Importance of Armed Forces

AU0606150095 Zagreb VELEBIT in Serbo-Croatian 26 May 95 p 4

[Interview with Croatian President Franjo Tudjman by Brigadier Ivan Tolj, VELEBIT editor in chief; place and date not given]

[FBIS Translated Text] [Tolj] Mr. President and Supreme Commander of the Armed Forces of the Republic of Croatia, we thank you for finding time for this interview, which will be published on the pages of the VELEBIT weekly founded according to your instructions. This weekly is the successor of the "old" HRVATSKI VOJNIK, which is now going to be a military and scientific magazine. As our supreme commander, what do you expect from these new publications?

[Tudjman] I expect that the VELEBIT weekly will be a paper that will explain to all, and I emphasize here the word all, members of the Croatian Army the problems of Croatian state policy that members of Croatian Army have to know about. However, the VELEBIT weekly should have readers from all social levels, because I expect current themes from military, economic, and, of course, cultural life. All of these are spheres of activity in which VELEBIT weekly should have experience of. This weekly, as well as other Croatian military publications, has to be a true interpreter of Croatian state policy. I am satisfied that we will have VELEBIT and HRVATSKI VOJNIK in our hands on the eve of Armed Forces Day and Croatian Statehood Day.

[Tolj] Mr. President and Supreme Commander, we were witnesses of a brilliant victory of the Armed Forces of the Republic of Croatia in western Slavonia. This area, from which, until recently, terrorists were active, was returned under Croatian sovereignty by this action. What was the reason for moving our Armed Forces, and what can you tell us about the results of this victory?

[Tudjman] The victory, it is understandable, was not accidental. It took a long time to prepare. From the very first days of the creation of the Croatian Army, our objective was to teach and to equip it for its essential task—the liberation of every inch of Croatian soil. For political reasons, because of casualties and because of world opinion, we have chosen the peaceful reintegration of the occupied areas into the constitutional and legal order. However, we were provoked by the behavior of Serb terrorists who closed down the highway, killed six persons, and wounded some 15 civilians. That was why we started the operation that our forces carried out in only a day and a half, in 31 hours. The world was impressed by the readiness of the Croatian Police and Army forces.

Croatia proved to the world that it has a capable armed force. This victory is of great political and morale importance for the whole Croatian people. The world community will now have convinced itself of Croatian decisiveness to use the force of Croatian arms if the peaceful reintegration will not work. I hope that Belgrade will also draw some conclusions from this Croatian action. It is Belgrade that holds the occupied Croatian territories in its hands, regardless of the differences between them. I think that the

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operation in western Slavonia will boost the peaceful reintegration.

[Tolj] Regarding that, Supreme Commander sir, they have tried again, as they usually do, to use huge quantities of lies. For several days, lies accompanied the operation of the liberation of western Slavonia. This time they did not succeed...

[Tudjman] Partially they did. And these delusions still go on. Even now, there are not only individuals, but also circles in the world that hardly agree to an independent and sovereign Croatia. They are trying to use every moment to weaken the Croatian position in the world in order to persuade our homeland to accept some solutions within the framework of solving the crisis in the former Yugoslavia that are not agreeable with Croatia's wish to be a sovereign and independent state.

Such tendencies, the lies and delusions they use, still exist, as well as in the last days. And then, the lobbies of the United Nations and UNCRO [UN Confidence Restoration Operation in Croatia] members, both here and at the East River, tell their stories, too.

[Tolj] You recently returned from the celebrations of the 50 years of the victory of the antifascist coalition that were held in London, Paris, and Moscow. There, you met with leading world statesmen. Does the world recognize Croatia's place in the antifascist fighting, of which you are perhaps the only world statesman today who took an active part in it?

[Tudjman] The presence of the Croatian delegation was proof that the world recognizes Croatian participation in the antifascist fighting. It is a proof of the correctness of Croatian policy from the moment we decided to create an independent state. Even more, I want to point out that Croatian people, every Croatian man, has to understand the correctness of the policy of reconciliation of what we popularly called the Croatian Home Guardsmen and the partisans, communists or antifascists, with those who in any way had anything to do with the NDH [WW II Independent State of Croatia], because they wanted their own state—that without Croatian participation in the antifascist movement we would not have an independent and sovereign Croatia. Our people have to understand that, particularly after the example of the fiftieth anniversary of the victory over fascism. In London, Paris, and Moscow, the world and European powers and superpowers were pointing out that they had won the victory over fascism, that they had been creating the new world order, and that, today, they determine the order of international relations.

[Tudjman] According to that, if there had not been that and such antifascist movement in Croatia—in the sense that it joined the world order, which means the forming of ZAVNOH [Antifascist Council of People's Liberation of Croatia], which constitutionally enabled our departure from the Yugoslav federation and which enabled the Croatian people's right to self-determination—we most certainly would not have a Croatian state. Although I am the head of a sovereign and independent state and a living participant in the antifascist movement, they want to imply that Croatia, a democratic state, is nothing but a continuation of the NDH, which was connected to Nazi Germany and Fascist Italy. This only shows, which I said in an interview immediately after those celebrations, how the position of Croatia as an independent state is barely accepted. It is no wonder, if we bear in mind the fact that, particularly in the area in which we live, the opposition between big powers come to the surface, and those big powers have always been competing with each other to win more influence in certain areas.

They do not consider the interests of separate, individual nations, especially regarding small nations. They are only concerned about their interests. But, if we are so utterly reasonable and honest, we will admit that, excepting their desire to ensure their own influence, today they also aspire to provide peace. The world powers want to avoid mutual conflict. That is also their starting point in solving the Croatian occupied areas, as well as the crisis in today's Bosnia, which is, objectively, one of the most complicated crises in the world.

[Tolj] A great anniversary is in front of us—the fifth anniversary of the Armed Forces. Mr. President, what is your message to your Croatian soldiers, noncommissioned officers, and officers?

[Tudjman] For me, as for any head of state, from the beginning, the first and most important thing was to build the Croatian Armed Forces. We should remind ourselves of how we were coping with the inability to build the army directly, so we requested, within the old constitutional framework, the transformation of the police into Croatian police forces within the Ministry of Internal Affairs. We did, within that constitutional framework, build the Croatian National Guard, out of which the Croatian Army has grown.

If we had not succeeded in the creation of the Croatian Army, Navy, and Air Force that we have now—a power that, so to say, managed to withstand the aggression of the Yugocommunist army of Serbia and Montenegro toward the end of 1991 with empty hands; if we had not succeeded in organizing it to the degree that it was capable of carrying out all the operations: Dubrovnik,

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Maslenica, Gospic, and particularly western Slavonia—we would not have had a sovereign Croatian state.

Aside from the organization of democratic authority and democratic order, the organization of the armed forces was the essential factor for becoming independent and the factor with which we have proved to the world that the independent Croatian state is politically mature, but also sufficiently strong in military and defense to secure its survival in spite of all those who do not want it.

My message to the members of Croatian Army, the Armed Forces of the Republic of Croatia, is that they should understand that every state must have its armed forces ready, even in peaceful times. In the conditions we are in, when we still do not know how the problem of the occupied areas will be solved, and how the crisis in neighboring Bosnia-Herzegovina will end—in such conditions it is particularly important for the Croatian Army to be as strong as possible, as technically equipped as possible. Because an army, to be capable, first needs to be governed by the spirit of patriotism, in which there is, morally and politically, a state of unity and readiness in carrying out all the tasks, all the orders, from the smallest unit to the highest general.

[Tolj] Thank you for everything, Mr. President!

Valentic, Drnovsek Hold Talks Near Zagreb

LD0606164795 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 6 Jun 95

[FBIS Translated Text] Nikica Valentic and Janez Drnovsek, the prime ministers of Croatia and Slovenia, are holding talks in Otocec [on the river Krka between Zagreb and Ljubljana]. From there Vera Tomasek reports:

[Tomasek] The meeting, which is taking place behind closed doors, is the continuation of talks hitherto held at ministerial level. Although concurrence of views has already been achieved by the two neighboring states on the question of the Krsko nuclear power station and land borders, the prime ministers are faced with a number of outstanding issues. Unofficial reports say that the prime ministers will discuss maritime borders and Slovenia's access to international waters and the question of Ljubljanska bank investors. They will also discuss issues that are of interest to both states—the division of assets of the former Yugoslavia and cooperation with neighboring states. The prime ministers are also likely to agree on a meeting soon of the full governments of the two countries. After the meeting the two prime ministers will hold a news conference.

Borders, Bank Deposits Viewed

LD0606193395 Zagreb HTV Television in Serbo-Croatian 1730 GMT 6 Jun 95

[FBIS Translated Text] A short while ago we received a new report from Zeljko Korpar on the meeting of the Slovene and Croatian prime ministers in Otocec:

[Correspondent Korpar] Expressing satisfaction with the results of the talks, the Croatian prime minister stressed that most attention was devoted to the question of borders. So far 98 percent of the land and sea borders have been agreed. A proposed provisional solution for the remaining outstanding issues will be drawn up by the Croatian and Slovene diplomatic commissions by the end of the month. The two governments have reached complete agreement on the Krsko nuclear power station and property and legal relations. However, before signing an interstate agreement, Prime Minister Valentic added, the Croatian side is insisting on complete solution of the question of Ljubjanska Banka in Zagreb and the deposits taken over by Croatian banks which are still disputed.

[Begin Nikica Valentic recording] For us there is still the big problem of the 500 million German marks of deposits transferred to Croatian banks, on which Croatian banks are not—according to our regulations—obliged to pay and service interest, which is to the disadvantage of depositors in Ljubljanska Banka. This creates tension and politicizes and exacerbates the situation, because this is a question of hundreds of thousands of investors who have a significant effect on public opinion and therefore also on political factors including the government and parliament. [end recording]

[Korpar] The finance ministers will continue the search for a compromise solution. Another topic of the talks was the division of assets of the former Yugoslavia. Both Croatia and Slovenia consider it totally unacceptable for Serbia and Montenegro to become the sole inheritors of the property of the former state. Croatia, Valentic added, also does not accept a revision of the Ossimo and Rome accords.

Prime Minister Drnovsek shares the expectations of the Croatian side that the complex border questions in the gulf of Piran and Slovene access to international waters will soon be resolved. On the question of Ljubljanska Banka, the Slovene prime minister said that this problem involves not only Croatia but also the other states that have emerged from the former Yugoslavia.

[Begin Janez Drnovsek recording, in Slovene with superimposed Serbo-Croatian translation] We agreed that both sides would make another serious attempt to find ways of resolving this problem as well, which is in

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a way becoming an impediment to the development of overall interstate relations. [end recording]

[Korpar] The Slovene and Croatian prime ministers announced that their next meeting will be in July, to be hosted by Prime Minister Valentic.

HDZ's Pasalic Views 'Contacts With Belgrade'

AU0606171895 Split NEDJELJNA DALMACIJA in Serbo-Croatian 2 Jun 95 pp 15-16

[Interview with Dr. Ivic Pasalic, HDZ presidency member and the president's adviser for internal policy, by Tihomir Dujmovic; place and date not given: "We Have Achieved Political and Also Economic Miracle"]

[FBIS Translated Text] The analysis of some of the most important political events recently and the assessment of the development of the crucial political questions, as well as the reaction of Croatian policy to them, were the main motifs for an interview with Dr. Ivic Pasalic, the Croatian president's advisor for internal policy and a member of the HDZ [Croatian Democratic Community] presidency.

[Dujmovic] On the occasion of the anniversary [5 years of the Croatian state] it is not unusual that the circles of authority emphasize that we have "performed a miracle" in these five years, which is usually denied by the opposition. The opposition holds that with a semidevastated country, with a miserable economy, and with a fifth of the country occupied, a miracle is out of the question.

[Pasalic] If we thoroughly analyze what has been done, we can repeat with absolute impunity the same assessment that, in these five years, first a political, but also an economic, miracle has been performed. After all, when I say that we have performed a miracle, then there is no reason why I should skip the fact that not only Croatian analysts, but also the majority of the people from the international political and economic community, share our opinion. When the HDZ took over in 1990, Croatia had no armed forces, no army or police, no international support. Later, when we faced the Greater Serbian aggression, many believed that we would not survive, and we not only survived, but also struggled our way out of the jaws of Greater Serbia. From the moment we took over, in less than two years, we have achieved the recognition of the Croatian state and, today, we are an organized and stable state. We have created a respectable army, we have introduced our own currency, the convertibility of which is not questioned, and we have become an international factor that is taken into account. Of course, that was achieved by the determination of Croatian people, who have confidence in the political and state leadership that has known what they wanted.

Pitiable Fabrications

[Dujmovic] Immediately after the action in western Slavonia, a part of the opposition, mostly consisting of people who were previously HDZ members, assessed that the action was somehow agreed with Belgrade.

[Pasalic] Those statements say a lot about people who made them, and they have also been condemned by the Croatian public, to which they were addressed. You know, if it were not so tragic, what they said would be funny. Those statements say the most about the spiritual and ethical state of these people. They simply cannot overcome their own frustration. Even now, when this brilliant Croatian military victory showed both the strength and the determination of the Croatian state, even now, when everybody—even the international public—approved that action, such pitiable and miserable fabrications appear.

[Dujmovic] The unification of the occupied parts of Croatia and Bosnia-Herzegovina has been announced for next week; the Croatian and Bosnian Serbs plan to merge into one state. What will be the Croatian answer to that, and what is your evaluation of this, doubtlessly, important political event? So far, those forces have been united, but the pompous formality they are preparing obviously demands a clear answer from both Zagreb and Sarajevo, or else, in time, that act could become an accomplished fact.

[Pasalic] If we take a look at the analyses in the foreign press after the action in western Slavonia, then it is good to remember the text published in THE ECONOMIST, which says that this brilliant action also marks the end of Serb arrogance...

We Want Reintegration Without Casualties

[Dujmovic] Isn't this unification of theirs an expression of arrogance?

[Pasalic] I think that "unification" is in fact an expression of despair and impotence. While the leadership of the rebel Serbs [in Croatia] felt there was still any possibility that, as they estimated, they could create "their own state," they did not take that step, although such offers, as well as pressures, were coming from the Bosnian Serb leadership.

Now, when it has been shown that Croatia will, in the event of further inefficiency of international policy, and particularly of the UN forces, use armed force, and when it has been shown that Croatia is capable of doing it promptly, then the military and political junta in Knin

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decided to grab onto Pale, as the last straw of salvation. So, today, Martic has reached the conclusion that he can only realize his possible survival with Karadzic's help. We will see what will be the response of the international community, which, with this move, will get further proof of the rebels' real political objectives. Croatia will stick to a peaceful solution of the crisis, without giving up its legitimate right to "flash" again.

[Dujmovic] Does that mean that we can expect a big war in the autumn at the latest?

[Pasalic] That does not mean the war in the autumn, nor a war at all. Many things depend upon the international community, and I hold that there are clear enough reasons for the international community to put the necessary pressure on Milosevic, Karadzic, and Martic. Namely, more than anything else, we want a reintegration without casualties, and I think it is literally the latest chance for the Serbs from the occupied areas to draw a lesson from this action in western Slavonia. In that sense, this is also the moment for the Serbs in those areas who do not agree with the policy of the military clique there to think this over thoroughly. Croatia has enough political strength to forgive all those who did not commit war crimes, and the way we treated those Serbs who were captured in western Slavonia during the "Bljesak" ["Flash"] action shows how broad-mindedly Croatia accepts all its citizens. The release from imprisonment, the president's amnesty, the prolongation of the pardon law, which will probably be accepted by the parliament, all these show the patience and tolerance that is shown by the Croatian state toward the rebel Serbs. The authorities will behave toward all Croatian Serbs living in the occupied territories In the same manner, unless they committed war crimes.

[Dujmovic] Is ther any truth to the statements that the Croats from Banja Luka have been sacrified in various political games? After all, such question have been asked publicly by Bishop Komarica.

[Pasalic] All the stories in the last years, that those people were traded, that they were sold, are untrue. The question is: What could the Croatian state do for them? Humanitarian aid sent there, numerous protests because of their persecution, and many other aspects of diplomacy by which we were intervening, protesting, and fighting for them and their status, that was all we could do. This time, too, I want to say that none of those people have been forgotten, nor sold. We are aware of their situation and are doing all we can to help them. The international community, from which a lot was expected, has disappointed many expectations, but we will keep trying, through mediation, to put pressure on the Serb authorities there, to enable the Croats, but also other non-Serbs, to live a decent life.

[Dujmovic] Recently, Yasushi Akashi said that Croatian negotiator Hrvoje Sarinic maintains occasional contacts with Belgrade. Milosevic keeps avoiding the recognition of Croatia, and says that, at best, he would recognize the authorities in Zagreb, but not the borders of Croatia. The question arises—considering that they are very humiliating and offend the pride of Croatian citizens and considering the horrible crimes the Serbians committed in Croatia—who needs such negotiations?

[Pasalic] In politics, one is obliged to talk and negotiate with both one's opponents and one's enemies. It is clear that Belgrade is the center of the entire Serb policy and the starting point for the Greater Serbian aggression. What is more logical than to prove, by negotiations, to Belgrade that the objectives that they started to realize in 1990, they simply cannot achieve today, in 1995. Our objectives are well-defined, and we want to achieve them with as few casualties as possible, and if any contact is a realistic possibility for actually reducing the number of casualties and, at the same time, achieving the integrity of the sovereign state of Croatia, then such contacts are necessary. Whoever is embittered at the news about those meetings will have to take note of it, because the people who take part in those talks do not do so because they enjoy it, but because they work on behalf of the whole country, saving human lives.

Relations Within the HDZ More Stable Than Before

[Dujmovic] The Croatian Independent Democrats [HND] were the loudest in their predictions that new divisions and conflicts would occur within the HDZ. Now, there is a conflict between Tomislav Mercep and Djuro Brodarac. In your opinion, who is the guilty party in this quarrel?

[Pasalic] First of all, the relations between Mercep and Brodarac definitely cannot be boiled down to internal relations within the HDZ. Namely, relations within HDZ, after a certain number of people left the party, are considerably more stable. In that sense, the conflict between Mercep and Brodarac cannot be understood as a kind of conflict within the majority party. You see, the volunteers of the Liberation War made an exceptional contribution to the creation of the Croatian state. They were the first to face the aggression with arms, and it happened at the hardest moment for Croatia. One has to admit that. However, my opinion is that the volunteers have to understand that circumstances today differ from those four or five years ago. Today, Croatia is an organized state, it has a precise organization of

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authority, and everybody knows precisely what they have to do. That does not mean that one should not be critical of some phenomena, but the achieved unity, the Croatian reconciliation, and the functioning of Croatia as a legal state should not be questioned. The volunteers certainly have their own problems. I think the state should solve their problems more efficiently. At some time in the future, it would be useful if all the volunteers' and veterans' clubs united through a democratic procedure, and it would also be good to organize a ministry that would, in one place, take care of all the sufferers of the Liberation War. I think that, in that way, a significant number of the problems would be solved.

[Dujmovic] One of the issues the opposition complains about most dramatically is your party's attitude toward the retired. If we take into account the official statistics, which say that even 90 percent of the retired receive pensions of up to 1,000 kunas, it becomes clear that more than 1 million of Croatian citizens living on so little, which shows that the care for the retired is certainly not at the top of the priorities of the Croatian state authorities, does it not?

[Pasalic] No, I do not agree that the care for the retired is not one of our priorities. It only has to do with the real material capabilities of the Croatian state. There is no one in the state authorities who would not want the retired to have higher pensions, and I must admit I was surprised at the statistics when we, in our party, started to deal more intensively with that problem a couple of months ago. A thorough analysis of the situation has been done in the party and in the government, and we are considering how to change the situation. We have learned that, in the last few years, there was an exceptionally big influx of retired people for different reasons, that the pension funds are insufficient, and that, because of the equality of citizens and because of respect for human rights, we have had to give pensions to those people who did not have the length of service for retirement in Croatia, but they continued to live here—all former military pensioners were given their pensions, and there are rather a lot of them, although their retirement funds remained in Belgrade. All this together resulted in small pensions, and on the other hand, we have had immense expenses because of the war. After the analysis, we decided to raise pensions uniformly, and estimated that, within a year, the pension could rise by 30 to 35 percent. By this I want to say that we are aware of the difficult situation and that, by all means, we are trying to find the best and the fastest solutions.

Laments on Totalitarianism

[Dujmovic] Since the opposition is preparing for elections, ever louder and louder, it is obvious that the elections will be scheduled soon.

[Pasalic] We are a democratic state, and the elections will certainly take place. The majority party will, as anywhere else in the world, decide when, within the legal limits, that will happen. The elections will not be scheduled, as some people in the opposition claim, because of the action in western Slavonia. The fact that some oppositional parties have already started their election campaigns is only a proof of the political wisdom and quality of their leaders and leaderships. Just take a look at one of many examples, how a part of the opposition has already started the election match.

I was invited to the celebration of the sixth anniversary of the HSLS [Croatian Social Liberal Party], at which the president of that party, Mr. Budisa, held a "passionate" speech, a pure demagogic election campaign speech, which was absolutely without arguments. The laments about totalitarianism are insulting. Equating today's sovereign Croatia and the period of communist darkness is insulting. Further on, the HSLS president spoke about primitivism, and the day before, his secretary general called the members of the parliament robbers, and so on. Such behavior is incompatible with good manners. But that example, as well, points to the level of spirit in a part of the opposition that is feverishly anticipating the elections.

[Dujmovic] Are you surprised at the coalitions—the HNS [Croatian National Party], the HSS [Croatian Peasants Party], and the HSLS are going together, and probably the HND, too.

[Pasalic] I am not surprised at those possible coalitions, but there are essentially different combinations and agreements. I think my knowledge of the Croatian political stage is good, and there will be surprises. Some of the basic characteristics of some of those people are that they are immensely frustrated because they are not in power, and they desire to get into power as soon as possible, in any way. I cannot believe that the leaders of those parties that unite for those reasons, and not because of similar political programs, cannot see that, in this way, they are causing divisions within their parties. However, it is important that the Croatian public and electorate see that.

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Opposition Parties Set Up Election Observer Body

LD0606190895 Zagreb HTV Television in Serbo-Croatian 1730 GMT 6 Jun 95

[FBIS Translated Text] Eight parliamentary opposition parties have signed a statement on the setting up of an opposition parties' coordination body for observing elections. A news conference was held in this connection.

[Correspondent] Of the parliamentary opposition parties, the signing ceremony was not attended by the representatives of Dalmatian Action, who had already signed the statement, and the Croatian Party of Rights, whose signature is expected soon. The rule book on the work of the coordinating body was approved, while on behalf of the party leaders, the goals of this body were set out by Drazen Budisa, chairman of the Croatian Social Liberal Party.

The goal of the opposition coordinating body is thorough and effective observation of elections, regardless of whether they are regular or early elections. The coordinating body will try to establish a joint system for observing elections at all levels, and realize contacts with international observers. Budisa further stresses that this body will jointly collect reports on possible irregularities before, during, and after elections.

The coordinating body will adopt joint standpoints at electoral commission meetings at all levels, and on this common basis it will gather information on election results.

Agreement has already been reached on one or two amendments and addenda to the electoral law, and the coordinating body will submit its proposal to parliament. There is also agreement that the electoral commissions and voters' panels would have to be multiparty in nature, and stress was also laid on the fact that there is also room within the coordinating body for nonparliamentary parties, Drazen Budisa told the journalists.

Canjug Criticizes New Body

LD0606195495 Zagreb HTV Television in Serbo-Croatian 1730 GMT 6 Jun 95

[FBIS Translated Text] Zlatko Canjug, chief secretary of the Croatian Democratic Union [HDZ], reacted immediately to the setting up of the opposition parties' coordinating body. He stated that the creation of opposition coalitions was not surprising and warned that all these things were being created primarily in order to work against the HDZ. Calling such alliances incompatible, Canjug confirmed once again that the HDZ was preparing itself for the holding of regular state elections in the spring of 1996 and not for early elections.

Zagreb Ready To Reopen Talks With Krajina

AU0606135095 Paris AFP in English 1324 GMT 6 Jun 95

[FBIS Transcribed Text] Zagreb, June 6 (AFP)—Croatia is ready to reopen talks with Serbs in the separatist Krajina region in a bid to boost economic relations, a senior Zagreb official said Tuesday.

"We are ready to relaunch talks but for that we need negotiators in Knin," capital of the self-proclaimed Republic of Serb Krajina (RSK), Hrvoje Sarinic, chief advisor to Croatian President Franjo Tudjman, said.

Sarinic, who is in charge of Zagreb's dealings with the Serbs, was speaking to journalists after a meeting here with UN special envoy to ex-Yugoslavia Yasushi Akashi.

Akashi said the United Nations was doing everything it could to get talks restarted but admitted the Croatian offensive early May into Serb-held western Slavonia had "delayed" its efforts.

In that military push Zagreb regained territory held by the Krajina Serbs since 1991.

Sarinic added the Serbs were "having difficulty in stomaching the events of western Slavonia."

Croatia signed an economic accord with the RSK in December in which a key highway through western Slavonia was reopened, but that deal was thrown into confusion when a spate of violent incidents led to the offensive May 1 and 2 when Zagreb seized back control of the road.

Meanwhile UN commander in former Yugoslavia Bernard Janvier was due to meet the Serbs in Knin, Akashi said, adding that he had spoken with RSK "president" Milan Martic on Monday.

Sarinic denied reports that Croatian forces had attacked Krajina Serbs from positions in Bosnia, while Akashi repeated Zagreb's earlier statement that it did not intend "to undertake any military action" against Knin.

Earlier Akashi said he was "very closely" monitoring the stand off between Zagreb's forces and the separatist Serbs after both sides exchanged artillery fire Sunday in the Dinara region.

"The situation in the southern sector of Krajina is quite tense. The Krajina Serbs are nervous about the possibility of an incursion or attack," Akashi said.

Bosnian Croat forces said Monday they had made some advances on the border between Bosnia-Herzegovina and Croatia and were in a position to shell a main road linking Krajina Serbs with Bosnian Serbs and Belgrade.

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However they did not lay claim to a push four kilometres (2.5 miles) into the Dinara sector around 30 kilometres (18 miles) southeast of Knin.

UN officials said in Zagreb Wednesday that they had received reports of civilians fleeing villages in southern Croatia where some of the fighting took place.

"The local Red Cross was preparing to assist about 100 people," who fled the border region, UN spokesman Fred Eckhard said.

Martic Interviewed on Loss of Territories

AU0606104795 Belgrade NIN in Serbo-Croatian 2 Jun 95 pp 14-15

[Interview with Milan Martic, president of the Republic of Serb Krajina, by Dragan Bujosevic; place and date not given: "I Spared Zagreb"]

[FBIS Translated Excerpt] Since the Croatian "Flash" in western Slavonia, Milan Martic, president of the Republic of Serb Krajina [RSK], has been almost impossible to get hold of. After the "Flash" there ensued a standoff with RSK Prime Minister Mikelic (which ended in the prime minister's downing), the Krajina's unification with the Serbian Republic, visits to Slobodan Milosevic.... All this time Martic has been walking the narrow line: Glorified as "the true patriot" and accused of being "the traitor of Serbianhood," he was forced to acknowledge that on this occasion he steered furthest away from Slobodan Milosevic, the man who had contributed significantly to his ascent to the post of Krajina's first man.

This "interview" with Martic was carried out via fax. We have been sending questions from Belgrade to Knin for three weeks, changing and supplementing them as events overtook one another. For this reason there is no reply to an important question in this interview: Does Mikelic's replacement mean the final break with Belgrade? The questions are laid out in chronological order, as they were being asked, although the order could also be different as the current situation merits.

[Bujosevic] How much territory and how many people did the RSK lose in the Croatian action "Flash"? How many fled from western Slavonia (and where are they located), how many people remained in the Pakrac forests, and what is their fate?

[Martic] The Croatian Army occupied approximately 10 percent of the RSK territory in the latest aggression on western Slavonia. The tragic outcome of this attack is still in the process of being established. The issue of civilian casualties is particularly unclear as the Croatian Army completely cleared the town and its surroundings, while the bodies of the killed civilians were buried in several mass graves. As regards refugees, there have been more than 12,000 so far and this number is growing daily, regardless of the fact that the Croatian authorities, as they claim, are offering them everything.

[Bujosevic] The experts claim that the Croats had been amassing troops on the outskirts of western Slavonia for several weeks. How come then that the Croatian attack came as a surprise?

[Martic] It is true that the Croatian forces had been amassing around western Slavonia long before the attack was carried out. However, a great concentration of the Croatian Army was also spotted in other border areas. This was noticeable in Lika and especially around Gospic. The same was the case on the southern border, around Drvar and Vrlika, as well as in Banija and Kordun.

[Bujosevic] Do you think that the opening of the highway and mass smuggling, in which officers were also involved, contributed to carelessness?

[Martic] With the opening of the highway and the conditions set in the agreement, the security of western Slavonia was essentially undermined. I would say that this agreement represents the biggest flop in negotiations with Croatia. Namely, the provisions of this agreement allowed us no control over the situation in our section of the highway. Our people were entering without any supervision on some twenty illegal entry points, meeting with the Croats on the highway, and we have information that the Croats, too, were coming to RSK the same way, which facilitated their acquisition of intelligence information. We know for sure that the workers on the petrol pumps were mostly members of the Croatian intelligence service. Before the attack itself, the Croatian Army had had a crystal clear picture of the chances of an effective attack. And this proved to be the case, because they made the fastest and biggest advances in the Novska-Okucani region, along the highway.

[Bujosevic] Why did nobody from the RSK or the Serb Republic come to assist, at least to safeguard "a corridor" for the withdrawal of soldiers and a safe passage to the columns of refugees?

[Martic] First of all, it is not true that no assistance was sent to western Slavonia. However, due to the inexplicably rapid advancement of the Croatian Army, which on the very first day made its way to the close proximity of Okucani and threatened the Pakrac-Okucani road, the units sent could not have offered any significant assistance.

[Bujosevic] With the loss of western Slavonia (the highway, the railway...) as well as the earlier loss of

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Maslenica, is the RSK losing its "strongest trump cards" in the negotiations with Croatia?

[Martic] Our biggest trump card, not only in the talks with the Croats but also in the talks with the international mediators is the determination of our people to decide on their fate themselves, and this determination was reconfirmed on several occasions at referendums. It doubtlessly expressed a firm belief that the RSK will never be reintegrated into Croatia. As regards the negotiations with Croatia, there can be no mention of it until the Croatian Army and police have withdrawn from western Slavonia. If the UN Security Council truly favors a peace option, it will find a way to push the Croatian Army to their initial positions and proclaim the territory of western Slavonia a safe haven. Until then, I do not see what we could discuss with the Croats.

[Bujosevic] It was only in the nineteenth minute of its newscast on May 1 that official Belgrade uttered a word about the events in Slavonia and called the Croatian action a criminal act. What is your comment?

[Martic] No comment.

[Bujosevic] You have stated that in the case of Zagreb's attack on RSK assistance will come from Belgrade. Why was the promise not fulfilled?

[Martic] You addressed the question to the wrong person.

[Bujosevic] Recently, there have been numerous claims that western Slavonia was deliberately sacrificed to conform with the Tudjman-Milosevic agreement from Karadjordjevo, and that this represented the continuation of the planned deportation of the Serbs from these territories that had commenced in December 1991.

[Martic] I am not familiar with the existence of an agreement about trade with the Serbian territories. Finally, I would be the first to openly and publicly stand up against such an arrangement, regardless of who had made it. To be even more frank, I do not wish to believe that any Serb would agree to a barter with the Serbian lives and territories in such a ruthless way. The military defeat in western Slavonia cannot be explained without keeping the political relations within the RSK and around it in sight. Those well acquainted with the political situation in Krajina know that at the two assembly sessions prior to the aggression on western Slavonia I had warned the deputies and the government about certain harmful political trends in the state, primarily, the criminalization of society, the lack of communication within the political leadership, the rivalry and mere lip service to our defense, although it was clear to everybody that without a strong defense our negotiating positions equaled zilch.

[Bujosevic] According to some news reports, the refugees accused you of betrayal?

[Martic] The revolt of the people who have gone through all these horrors and were left without anything is understandable: I fully understand these people, and it was not difficult for me to stand before them and hear was a desperate man had to say. Much more than by their accusations I was struck by their fate, which numerous political opportunists use manipulatively, alongside the fact that we lost many lives and a great deal of territory.

[Bujosevic] Who ordered the bombing of Zagreb and why? What was its objective? Did nobody take into account the possibility that this action would immediately be used against the Serbs?

[Martic] I have already said that I issued the order for the bombing of Zagreb, and I did so at the moment when the Croatian air force and artillery were pounding the Serbian refugees on Okucani-Stara Gradiska road. From that territory we were receiving reports of a terrible massacre of unarmed civilians who were in convoys moving toward the Serb Republic, without any protection whatsoever. The bombing of Zagreb was an attempt to stop this bloody massacre of our people in western Slavonia and by virtue of its intensity and extent it was more of a warning, as we did not use the most destructive means that the RSK army possessed. Had this been the case, the destruction and the number of casualties in Zagreb would have been a lot greater. [passage omitted]

[Bujosevic] What was the scope of the assembly's decision about the unification of the RSK and the Serb Republic? To what extent does this policy have a propagandist character and how realizable is it? Does this decision "defy" the official Belgrade?

[Martic] The decision about the unification of the Serb Republic and the RSK is a result of the determination of the one and the same people who currently live in two countries. This unification is the first step toward the realization of our strategic goal—the creation of a unified Serbian state. This is doubtlessly the last chance of the unification being carried out in reality. Therefore, under no circumstances must we remain at the level of yet another in the chain of declarative unifications. In other words, nobody has the right to use this idea for the purposes of day-to-day politics in order to boost his political rating momentarily, as the consequences of such behavior are irreversible. Namely, if we gamble away this opportunity, too, then this

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will cause the complete mistrust of the people in their political leadership and the unification idea itself will be reduced to a slogan for the use of day-to-day politics. Therefore, great responsibility lies with all of us at this moment.

I do not see why the unification of the Serb Republic and the RSK would be an act of defiance of the official Belgrade. As I have said, this is only the first step toward the creation of a unified Serbian state, which is not merely in the interest of Knin and Pale, but definitely also of Belgrade and Podgorica.

[Bujosevic] You recently met with President Milosevic. What are your current relations with him? Do you continue to believe that he should be the president of all Serbs?

[Martic] My relations with Serbian President Slobodan Milosevic are correct, however, I also have good relations with Dr. Radovan Karadzic. My opinion as to whether President Milosevic should become the president of all Serbs is not crucial or binding. Ultimately, the Serbian people will pass their judgment about it and the crucial thing is, naturally, whether President Milosevic wishes to be that.

[Bujosevic] Can Krajina survive without the support of Belgrade?

[Martic] The Serbian people as a whole cannot survive and continue in an unprecedented blockade and sanctions unless the political leadership is unified. I have always insisted on this even in the hardest moments, even when relations between the FRY and the RSK were broken. If there is anything that is above all personal or ideological disagreements, then this is definitely the fate of the entire Serbian people.

[Bujosevic] There has been increasing talk about a possible great wave of refugees from Krajina into Serbia. What do you think about it? It is also said that you remain in the post of president because if you were to be replaced the people would start fleeing immediately.

[Martic] There have been all sorts of stories. What is for sure is that I will not abandon Krajina at any cost, and I am convinced that all patriots who rose against the Ustasha state in the defense of their interests on day one will stay with me.

Martic, Mikelic Hold Rival Government Sessions

AU0606090295 Knin Srpski Radio Krajina Network in Serbo-Croatian 1400 GMT 5 Jun 95

[FBIS Translated Text] We were informed by the Office of the RSK President that the announced meeting between President Martic and members of the RSK Government—which is to continue functioning until a new prime minister is elected, according to the Constitution—began at about 1400 hours [1200 GMT].

As expected, however, former Prime Minister Borislav Mikelic is not attending the meeting, which, we were told, is attended by most ministers. Unofficial sources say that Mikelic convened a government session in Erdut at the same time, but judging by the number of ministers attending the meeting with Martic, the Erdut session will have to be postponed.

President Martic's office confirms that the meeting will focus on the functioning of the RSK executive branch until a new government is elected and on the political situtation in the country. President Martic's session is attended, among others, by Foreign Minister Milan Babic and RSK Assembly Chairman Rajko Lezajic. An official statement is expected to be issued after the meeting.

Mikelic Says Martic Hampering Slavonia Probe

LD0606162995 Belgrade TANJUG Domestic Service in Serbo-Croatian 1531 GMT 6 Jun 95

[FBIS Translated Text] Borovo Naselje, 6 Jun (TANJUG)—A session of the government of the Republic of Serb Krajina is being held in Borovo Naselje today.

Opening the session, Borislav Mikelic, the [outgoing] prime minister of Krajina, stressed that, despite attempts by President Milan Martic to prevent this, over half the ministers are attending the session.

Mikelic intimated that criminal charges will be brought against Ranko Lezajic, speaker of the Krajina parliament, because of his failure to respect legal procedures when Mikelic was replaced.

The outgoing Krajina prime minister stressed that, despite the fact that two weeks have elapsed, the assembly commission charged with establishing responsibility for the events in western Slavonia has not carried out its work.

Martic was responsible for this. In order to prevent his responsibility from being established, he has hampered the work of the commission, Mikelic claims.

Deputy Prime Minister Milan Babic, who initiated Mikelic's replacement, is not attending the session. One of the topics of today's session is the accommodation of refugees from western Slavonia.

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Albanian University Leaders Released on Bail

LD0606201395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1905 GMT 6 Jun 95

[FBIS Translated Excerpt] Skopje, 6 Jun (TANJUG)—Nevzat Halili, one of the three main initiators of opening a university with tuition exclusively in the Albanian language in Tetovo, in The Former Yugoslav Republic of Macedonia [FYROM], who was recently sentenced to 18 months in jail, will conduct his defense while at liberty, having paid 70,000 German marks [DM] bail, local media reported today.

Halili is a professor at Tetovo's "Kiril Pejcinovic" high school. He led a crowd in rebellion against Macedonian police in armed clashes which erupted between the police and Albanians over the opening of an illegal ethnic university in Tetovo on 17 February when one protestor was killed and 60 people wounded. [passage omitted]

Fadil Sulejmani, who was to have been the dean of the ethnic university in Tetovo, was recently sentenced to 30 months in jail as the first accused. Pending the final outcome of the trial proceedings, he has been released on bail, having paid DM100,000. He will defend himself while at liberty, but he is obliged to report to the court regularly.

SP Representatives Meet at Forum in Athens

AU0706123595 Skopje MIC in English 6 Jun 95

[FBIS Transcribed Text] The representatives of the Socialist Party [SP] of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Jovan Pejkovski and Mihail Levenski, took part last week in the forum of the left-wing forces in the Balkans that was held in Athens. Representatives from 15 countries participated in this gathering. The Macedonian representatives in Greece emphasized that the new countries in the Balkans are a reality and that their mutual connection should be stimulated, which implies the riddance of any kind of barriers and economic blockades. The gathering adopted a document urging for the end of the war in Bosnia and recommending that peace be achieved on the basis of the permanency of the present borders.

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National Defense Committee Holds Closed Meeting

LD0606190295 Warsaw TVP Television First Program Network in Polish 1730 GMT 6 Jun 95

[Relayed by TV Polonia Network; from the "Wiadomosci" newscast]

[FBIS Translated Text] The National Defense Committee [KOK] has met today, under the chairmanship of President Lech Walesa and at the military establishment at Helenowo, near Warsaw. The KOK is the highest collegiate body with responsibility for defense matters. The KOK meeting is closed to the press.

[Correspondent Bogdan Ulka] The meeting today is shrouded in deep secrecy. Press spokesmen did not wish to reveal either the subjects of the talks nor even the place where the meeting was to take place.

I succeeded in noticing, in the arriving cars and apart from the president—the speakers of the Sejm and Senate, the prime minister, the ministers of national defense, internal affairs, foreign affairs, and finance, and also the chief of the general staff, and the head of the National Security Bureau [BBN].

As I have unofficially discovered, one of the subjects of the talks today is to be the issue of the intervention by the police in the course of the Solidarity demonstration in front of the building of the Council of Ministers [on Friday, 26 May]. It is possible to presume that, in the course of the meeting, the participation of the military and civilian special services in the forthcoming election campaign will also be discussed. A successive, important topic is to be the problem of the subordination of the chief of the General Staff. Walesa wishes him to be dependent upon the president, deputies want him to be dependent upon parliament. Last week deputies from the Sejm Defense Subcommittee rejected all the amendments to the deputies' draft of the prerogatives law proposed by the head of the BBN.

There will be no news conference after the meeting today. Only an official communique is anticipated.

Strzembosz Accuses Secret Services of Slander

WS0606135295 Warsaw GAZETA WYBORCZA in Polish 6 Jun 95 p 2

[Report by "SID": "Presidential Candidate Suspects Secret Services: Professor Strzembosz Persecuted?"]

[FBIS Translated Text] "The secret services have already begun working me over," said Adam Strzembosz at a news conference in Nowy Sacz yesterday.

"A normal person would be incapable of coming up with some of the information that is being circulated about me," said the presidential hopeful. "They are targeting the subconscious. Only experts know how to do that." Indignant, he cited several examples: "A man approached me in the coastal region recently asking why I sent my congratulations to the judge who had passed the sentence against Lech Walesa's son. That is completely absurd! In another city rumors are being spread that I worked for President Bierut's Chancellery [in the 1950's]."

Strzembosz did not specify, however, whom he suspects of soliciting the secret services to carry out such actions. He criticized Walesa's five-year term in office: "I do not wish to conduct a negative campaign, but the current presidential administration is bad."

Poll Shows SLD Could Win Majority in Sejm

WS0606141695 Warsaw GAZETA WYBORCZA in Polish 6 Jun 95 p 1

[Report by "KNYSZ": "OBOP: Half of the Sejm for the SLD"]

[FBIS Translated Text] If elections were held today and the electoral law remained the same as in 1993, the Democratic Left Alliance [SLD] would win 240 seats—52 percent—in the Sejm. The party would thus be capable of forming its own cabinet.

Currently, 25 percent of those polled who intend to take part in the elections declare their support for SLD (22 percent one month ago, 19 percent at the end of last year). The popularity of this party is clearly growing.

Other groups are losing support. The Polish Peasant Party [PSL] lost the greatest number of supporters—4 percent (from 12 to 8 percent). Close behind are the Freedom Union [UW] with 3 percent (from 12 to 9 percent) and Solidarity with 2 percent (from 8 to 6 percent). Only the Union of Labor [UP] improved its ratings—from 5 to 7 percent.

At the request of Karol Malcuzynski, host of the "Forum" television program, the Center for Research on Public Opinion [OBOP] calculated the above figures into the number of seats. The SLD would thus win 69 seats more than it did in 1993, the PSL 62 seats less, UW one more seat, and UP nine more seats.

Solidarity would enter parliament with 20 seats. The Nonparty Bloc in Support of Reforms and the Confederation for an Independent Poland would not net enough votes to enter parliament.

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If Elections Were Held Today ...

Party	Number of Sejm Seats
SLD	240
UP	50
PSL	70
UW	75
Solidarity	20
German Minority	5

The poll was conducted by OBOP between 13 and 16 May on a random, representative sample of 1,081 Poles.

Walesa's Aide on Elections, Competition

WS0506144595 Warsaw RZECZPOSPOLITA in Polish 5 Jun 95 p 5

[Interview with Tomasz Kwiatkowski, head of Polish President Lech Walesa's Chancellery, by Kazimierz Groblewski; place and date not given: "Lech Walesa Will Run"]

[FBIS Translated Text] [Groblewski] Do you think Lech Walesa is aware how unfavorable the opinion polls are for him?

[Kwiatkowski] He is.

[Groblewski] And he nevertheless intends to run?

[Kwiatkowski] He must.

[Groblewski] Does he want to?

[Kwiatkowski] Yes, he wants to.

[Groblewski] Does he want to be president?

[Kwiatkowski] Of course. He wants to because he must.

[Groblewski] Do you think he stands a chance of winning the elections?

[Kwiatkowski] Yes.

[Groblewski] Do you defy the opinion poll results that are so unfavorable for him?

[Kwiatkowski] Yes, I defy them.

[Groblewski] On what grounds?

[Kwiatkowski] Because I do not trust them. There have been instances when they were correct, but there have also been dramatically different results. Being a "doubting Thomas," I do not know how those polls are conducted. Are the sampling groups truly random? How coincidental are they? How are the questions phrased?

[Groblewski] You therefore claim that Lech Walesa will run in the elections?

[Kwiatkowski] Yes, I am deeply convinced of that.

[Groblewski] Isn't the support of Solidarity decisive? If Lech Walesa wins it, he will run; if not—he will resign.

[Kwiatkowski] I have received serious signals that a majority of the wide masses of Solidarity members support Lech Walesa. Your question is connected with the upcoming congress. It is difficult to say. Yet I do not think the congress will fail to take Walesa's achievements into consideration, the strength of his character, and prove incapable of analyzing the current situation in the state.

[Groblewski] Do you think Lech Walesa will run even if the congress does not support him?

[Kwiatkowski] Of course, because President Walesa knows perfectly well that it is far more important to integrate the constituency than activists. Activists have various approaches to the same issues, they are often incapable of admitting past blunders, and they often find it inconvenient to change their convictions. The constituency, however, will decide. If we convince the constituency of both our diagnosis and solutions, I believe the president will win the elections. And he aims high. He says parliamentary and not presidential elections are the climax of political activity.

[Groblewski] What do you mean by "diagnosis and solutions"?

[Kwiatkowski] It means that we are currently witnessing behavior typical for the period before 1989. That situation, albeit modified, is coming back.

[Groblewski] What do you think of the suggestions of the Christian-National Union [ZChN], your home party,

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that Lech Walesa give up running to make way for [National Bank President] Hanna Gronkiewicz-Waltz?

[Kwiatkowski] Those are digressions I find completely unconvincing. I do not recall ever having heard Ms. Gronkiewicz-Waltz say she feels strong enough to carry the burden of the presidency at a time when the leftist coalition dominates. I believe that the Chief Council of ZChN will ultimately support President Walesa. There is no alternative. Generally speaking, however, these are issues for the activists to ponder. We are targeting the constituency.

[Groblewski] What type of people will support Lech Walesa in the elections? The opinion polls you defy do not point to any one social group that would vote for him.

[Kwiatkowski] It will become evident at the ballot box. I see a huge group of Catholics with a Solidarity background who will strongly support President Walesa, because we will say enough about ourselves and the opposing candidates to make the choice simple. Anyway, I trust the current candidates from the so—called right will be responsible enough to back out.

[Groblewski] To Lech Walesa's benefit?

[Kwiatkowski] Due to the meager support they have.

[Groblewski] What will the Presidential Chancellery's policy be for the duration of the elections?

[Kwiatkowski] The Chancellery will observe the law. It will not engage in the presidential elections for obvious reasons. After all, the president will not cease to perform his constitutional and extraconstitutional duties.

[Groblewski] I understand the Chancellery will not be officially involved. Yet, as you may know, the Chancellery has cars which can be used for driving to campaign rallies, telephones that can be used, offices, fax and Xerox machines, paper—all the things that are so valuable in a presidential campaign.

[Kwiatkowski] I will do everything to ensure that the law is observed.

[Groblewski] What if some of the Chancellery employees want to get involved in Lech Walesa's presidential campaign?

[Kwiatkowski] If they take leave for that period, it will still be more appropriate than having a judge conducting an election campaign, which is a strictly political activity.

[Groblewski] I wish to remind you that Adam Strzembosz did take leave.

[Kwiatkowski] But he is a judge. If a judge takes unpaid leave and gets involved in politics, pretending the profession of a judge does not have its specifics, then it is horrible because it undermines the credibility of the justice administration as a whole. He has the responsibility to resign as first president of the Supreme Court because the law prohibits judges from getting involved in political activities, and nobody will tell me that an election campaign is not a political activity.

[Groblewski] What you are saying right now is also an element of the election campaign.

[Kwiatkowski] Dear sir, I am giving you my opinion because you asked for it.

[Groblewski] Will you advise the president to come forth with a motion to dismiss Professor Strzembosz?

[Kwiatkowski] I will not advise the president. I will present him with both versions [as published]. In the field of politics, President Walesa stands way above [Presidential] Minister Kwiatkowski. Otherwise, the minister would not be a minister, but a countercandidate. The president will make the proper decision himself.

[Groblewski] Are you at war with [head of the President's Cabinet] Mieczyslaw Wachowski?

[Kwiatkowski] I am not at war with anyone.

[Groblewski] At a meeting the president attended with the Nonparty Bloc in Support of Reforms, you criticized Wachowski in his absence. You told the president that Wachowski is making all contacts with him difficult and restricting his access to information. Will you deny that?

[Kwiatkowski] I deny it. I did not criticize Mr. Wachowski, because whenever I take the floor I do so to speak on substantial issues, not personal matters. I had received signals that certain information seemed not to have reached the president. I have brought several people before him. When it came to that, none of them had anything to say against anyone in the Chancellery. There were only some complaints of a very general nature.

[Groblewski] How do you find cooperating with Minister Wachowski?

[Kwiatkowski] Well, that depends. I think I have quite a tough character, and Minister Wachowski is no weakling either. The issue of the information circuit, however, is very serious. Some of the letters addressed to Lech Walesa make it to the cabinet, others are sent to me, and if we do not synchronize our work we will make mistakes. We must work on that.

[Groblewski] There were people who left the Chancellery citing conflicts with Minister Wachowski as the

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reason. Most recently—a friend of yours, Lech Falandysz. They said Mieczyslaw Wachowski is a master schemer. Are you not afraid of any intrigue against yourself? He is a minister of state, and you are only an under secretary.

[Kwiatkowski] I am not in the least bit afraid of any intrigue because I am a very forthright person and can be very stubborn in proving my point. I have great rapport with the president. No flimsy reasons will prevent me from saying what I consider to be right. Any intrigues against me are thus aimless.

[Groblewski] You know that Minister Wachowski's public image is very negative. Do you think the president will cast him out of the limelight for the duration of the campaign or dismiss him?

[Kwiatkowski] I am unable to say. Yet if his public image is indeed negative, leaving him in the shadows would be ineffective because those who dislike him would conclude that he is in hiding only temporarily. That could harm the president. I have not, however, received any such signals.

(According to our sources, Tomasz Kwiatkowski and Mieczyslaw Wachowski are not on speaking terms, they do not even shake hands. Kwiatkowski recently sent a letter to Wachowski in which he insisted to be informed about the president's agenda for the following week. He cited the need to plan the Chancellery's activities as a reason. Minister Wachowski took his revenge by placing Kwiatkowski on a distant position on the list of authorities taking part in the Katyn celebrations. Still earlier, Kwiatkowski deprived Wachowski of supervision over two offices: the President's Organizational Office and the Office of Staffing and Awards.)

[Groblewski] You were promoted very quickly. How do you feel about that?

[Kwiatkowski] As they say, everyone carries a parliamentary speaker's gavel in their satchel.

[Groblewski] Do you not find this dizzying?

[Kwiatkowski] I hope not.

[Groblewski] Why do you think you really got promoted so quickly?

[Kwiatkowski] You know, formally speaking, such was the president's will.

[Groblewski] Why do you think he chose you? Was it your character, contacts, affiliations, skills?

[Kwiatkowski] I hope it was my character and skills.

[Groblewski] What would you say are Lech Walesa's weakest points?

[Kwiatkowski] Most recently, I think it was a type of loneliness. I have the impression the president felt disappointed with the nation's weak response on 19 September [1993—date of legislative elections]. I think he has lost a bit of his drive. When his supporters in the mountain regions wanted to instill more confidence in him during his visit to Tarasowka and Male Ciche, he said: "Well, but what can I do if only 5 percent of the people supported me in the elections?" There is nothing he can do, because even his veto does not count for much—it can always be overruled.

Freedom Union's Kuron Presents Election Platform

WS0606143095 Warsaw RZECZPOSPOLITA in Polish 5 Jun 95 p 5

["Summary" of election platform of Jacek Kuron, presidential candidate for the Freedom Union: "Presidential Mission: Between Freedom and a Sense of Security"]

[FBIS Translated Text] I would not like to delve into the past and cast a shadow on the way we think about the present and the future. On the day the Polish delegation is paying tribute to our compatriots murdered in Katyn, I consider it very appropriate to remind everyone that communism was imposed on us by a foreign empire, and its disastrous effects are not easy to overcome.

Regardless of how we evaluate the times of the Polish People's Republic today, we should ask ourselves whether that system addressed the needs and longings of the people in any way.

It is true that the majority of Poles rejected the imposed order, yet a huge part—even if they did rebel within the framework of the existing system—accepted the sense of belonging and social security it offered.

All human activity is branded by an internal incongruity. On the one hand, people need the feeling of being part of a community, as well as a sense of security. On the other hand—they need freedom. Communism provided a sense of social security and belonging, albeit at the cost of freedom. Today, however, the newfound freedom often proves a burden too heavy to carry. If only for the reason that threats previously unheard of—unemployment, lack of security about the future—make it very difficult for many to truly enjoy freedom. It must be remembered that the year 1989 offered entirely new opportunities and possibilities. As they learn how to enjoy newfound liberty, their sense of security grows. I am talking about those who took their fate into their own hands and became self-employed.

People obviously understand that the communist system was ineffective. Theoretically, they should be aware of the costs of transition, the costs of transforming to a

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market economy. In practice, however, the threats and inconveniences pertaining to the introduction of new social, political, and economic order have come to the fore. These threats have led to the situation in which many Poles, though not rejecting the transformation process as such, have come to foster the illusion that perhaps many things could have been achieved faster, better, and at a smaller cost. This is why postcommunists have come to power—and not only in Poland, at that. Solidarity showed that people suffocated due to a lack of freedom; they declared they wanted democracy. They wanted to cogovern Poland; they not only wanted to earn more, but to work better as well. The Poles fought for a new Poland through revolt, protests, strikes. A step further had to be made and a new lesson in cogovernment had to be taken by electing the right people to democratic and self—government institutions, providing mechanisms for keeping them in check, and developing new laws.

After 1989, neither those ruled nor the rulers themselves fully recognized the realities. Those who were in power, however, should have displayed more acumen. As is often the case with individuals who feel they have a mission to fulfill, they believed the entire nation thought likewise. They presumed the introduction of privatization and a free market would solve many problems, forgetting that the market is merely an instrument. Those in power overestimated market mechanisms, those governed—underestimated them. Even if the goals were common, it was only on the plane of ideology and targets, but not on the implementation level. Thus, the roads of the rulers and the ruled parted.

One of the major threats to democracy is the reemergence of the division into "us" and "them." "We" the governed, poor Poles, "they"—the government, wealthy, alien. This division offers simple answers, encoded in the course of Polish history, to the question of why things are not what they were supposed to be, why everything did not go well. The division also gives a sense of belonging; it cements a community united to ward off external threats. It provides answers and a vision of a coherent world, and explains how to fight for freedom and security. It is enough to join forces against the nondescript "them." What is worse, the theory is not all that farfetched. Many have already begun living their lives by grabbing power, offices, clout, connections. Instead of becoming an instrument for establishing a new order, political parties have turned into a means of tending to their members' needs and protecting their particular interests. Hence we have recently been witnessing the rebirth of the worst legacy of communism which deforms and defiles democracy.

We are currently standing at an historic crossroads that will be decisive for our future. We are establishing a new social, economic, and political order, and the future of our country for centuries to come depends on whether or not we succeed. If we are to succeed, we must first of all develop an educational program. Democracy is a process that has to be learned. We must develop and implement laws which will be widely accepted and observed. Finally, we must found our sense of belonging and security on new principles, not against anyone but in prudent unity with our closest neighbors and Europe.

What we are currently observing in our politics—instability, permanent war at the top instead of cooperation between democratic institutions, the inability to focus the nation's attention on a vision of future Poland—does not contribute to creating a sense of security, without which it is difficult to enjoy the attained freedom.

The role of the president should thus be guaranteeing the political stability of the state, enhancing cooperation between democratic institutions, focusing the nation's attention on a vision of a future Poland. It is the president's duty to alleviate conflicts on the political scene, mediate, encourage agreement and compromise—in other words, to create social and political conditions indispensable for the citizens to feel secure and fully enjoy the freedoms to which they are entitled. The president should thus decisively transform the destructive principle of "divide and conquer," to "unite and share power" instead.

In appreciation of all the achievements of the past six years, I am sorry to say we have still not been able to develop a constitution that would meet modern standards. It is very important for a presidential candidate to have a constitution that is not only a document facilitating the transition from a totalitarian system to democracy, but from a majority democracy to a restricted one, where parliament has to respect civic and minority rights—rights no one has the authority to impose on others.

Such a view of the mission of the president—a spokesman, mediator, initiator of agreement and compromise—will help solve the dilemma: either a sense of security or enjoying freedom. Ensuring political stability will help citizens restore their disturbed sense of security. Opting for a restricted democracy, on the other hand, will guarantee that freedom will not become a threat to the sense of security.

(The above is a summary of Jacek Kuron's election platform, which he is to present in Krakow today.)

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Solidarity: Center-Right Needs One Candidate

WS0606103995 Warsaw RZECZPOSPOLITA in Polish 6 Jun 95 p 2

[Article by Piotr Adamowicz: "Presidency; Who Will Solidarity Endorse?"]

[FBIS Translated Text] Everything seems to indicate that the congress of the Independent Self-Governing Trade Union Solidarity ["S"] will not endorse any of the current candidates for president. It seems, however, that it will call upon the center-rightist candidates to choose one person from among themselves. "S" National Commission Chairman [KK] Marian Krzaklewski denied on 5 June the report carried by some media that he had encouraged Lech Walesa to withdraw and endorse [National Bank President] Hanna Gronkiewicz-Waltz.

"I do not think that the congress of the union, which will begin next Thursday, will decide to officially support any of the center-rightist candidates for president. It will appeal to them to choose from among themselves the person who has the best chance of advancing to the runoff round of the elections," Marian Krzaklewski said on 5 June in Gdansk. Among the candidates who could count on the union's support the "S" leader listed the incumbent president, Adam Strzembosz, and Hanna Gronkiewicz-Waltz. He added that Leszek Moczulski and Jan Olszewski might also be the union's candidates. "However, the support they have is not significant." Krzaklewski firmly denied that he had encouraged Lech Walesa to give up running for the presidency and to support the president of the National Bank of Poland. "I encouraged the potential candidates to hold a meeting and to select one person from among themselves," said Krzaklewski.

The KK chairman is hoping that the church hierarchy will take on the task of mediation. "The greatest authority in Poland ought to see to it that a meeting is held and an understanding is reached."

According to the "S" leader, the delegates will authorize KK to endorse a candidate, on the condition that he is the only representative of the center-right. "Unless the candidates reach an understanding, 'S' will promote all of them."

The forthcoming "S" congress is also an election congress for the union. Elections of new members of KK, including its chairman, will be held. Nothing indicates that a new "S" leader will emerge. Maciej Jankowski of the Mazowsze Region will not run for the post. In line with unofficial information, the only candidate that Krzaklewski may have to compete with will be Barbara Niemiec of the Malopolska Region. "Today I can admit that I should be elected [chairman]. Over a dozen regions have already made their decision: Their delegates will vote for me," said Krzaklewski.

Minister Kaczmarek on Privatizing Large Firms

WS0606135895 Warsaw TRYBUNA in Polish 3-4 Jun 95 p 16

[Interview with Privatization Minister Wieslaw Kaczmarek by Andrzej Leszczynski; place and date not given: "There Is No Alternative to Privatization"]

[FBIS Translated Excerpt] [Passage omitted] [Leszczynski] What about industrial giants?

[Kaczmarek] Decisions concerning privatization of giants require political decisions. Giants are partially controlled by other ministers. It is an important issue because the reserve of companies that are attractive to investors linked to the consumer goods market is dwindling. This is why allegations on slowing down the privatization process sound ridiculous. There will be gradually more and more companies in need of modernizing and restructuring. As a result, the fiscal character of privatization will have to be given up; restructuring privatization processes will take precedence over that type of privatization. The fundamental criterion for evaluating privatization will not be the price at which a given company has been sold, but the capital which the purchaser has committed himself to spending on equipment, ecology, etc. This should be understood, both in the Supreme Chamber of Control and in the Finance Ministry.

Currently we are looking for advisers who would help "sell" the Polish copper-mining sector, the heavy chemistry sector, and other giants. This process has already started. This is why I am amused by statements from my predecessor, who seems to have forgotten that when he was minister, many mistakes were made that were detrimental to the privatization of these sectors. Actually, I do not care about what he says here in the country. However, he is also creating a negative image of our privatization abroad. This is a political game played on the order of the Freedom Union.

[Leszczynski] Other charges that are being leveled at you concern reprivatization.

[Kaczmarek] I have been given a very difficult task: I should include in this law as many claims as possible; the claims result from the fact that many years ago the law was violated. At the same time the entire operation should be performed safely from the point of view of the state's public finances. Thus, it should be determined on the number of companies that are yet to be privatized; according to the Central Office of Statistics [GUS], there are 3,995 such companies and 795 [single-proprietor

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Treasury-owned] companies, whose book value totals approximately 550 trillion (old) zlotys.

[Leszczynski] However, it seems that the value of the claims made by former owners—the claims that have been acknowledged—amounts to 180 trillion [old] zlotys.

[Kaczmarek] That is correct. However, we ought to separate from this reserve, presented by GUS, companies selected for capital privatization, including partial conversion of the foreign debt, for direct privatization (which is of special concern to the unionists of the All-Polish Trade Unions' Agreement), for Retirement Funds, for Insurance Funds, for Health Insurance Funds, and so on. Many would like to get some of the money. Therefore, the draft law allows for inheritance fees, which reduce the size of the compensations to 65-67 trillion [old] zlotys.

[Leszczynski] Why do you think you are being criticized now more than before? Does this have anything to do with the election campaign?

[Kaczmarek] I am thinking hard about the reasons for such severe criticism, and I really cannot understand them. It is difficult today to talk about any dishonest practices in the privatization processes, which, among other things, caused the downfall of the previous governing coalition. We prepared draft laws on commercialization and privatization, as well as the so-called reprivatization law—and we did it according to the government program. It is only now that things are beginning to happen in this area.

I believe that the increased criticism may be a consequence of certain competition among trade union organizations. Privatization or reprivatization are very useful subjects, ones that make it easier for people to "show their activeness." When complex privatization processes are being implemented, it is very easy to cause people to react negatively by using populist arguments. This is most often the goal.

[Leszczynski] Now, the last question. How do you imagine ownership transformations in the reformed economic center?

[Kaczmarek] I fully share the opinion expressed by Government Plenipotentiary Marek Pol. The reformed center should be dominated by the following bodies: the Ministry of Economy, Ministry of Public Finances, Ministry of European Integration, Ministry of Economic Cooperation, as well as the Ministries of Treasury and Privatization. The last link would be an organization of the owner, an organization which makes decisions concerning national assets and is authorized to sell them. The technical process of privatization would be excluded from the administrative structure and a special agency would be in charge of it.

[Leszczynski] Thank you for the interview.

Polish Firms Unable To Combat Dumping

95EP0118A Warsaw GAZETA BANKOWA in Polish 14 May 95 No 20, pp 1, 25

[Article by Maria Dunin-Wasowicz: "David Versus Goliath: Polish Enterprises Are Too Poor To Combat Dumping!"]

[FBIS Translated Text] Do foreign companies practice dumping in Poland? Some term this question surreal, while others call it realistic. Unfortunately, it seems that both answers to this question are true.

It is surreal, if only because Polish companies are not suing their foreign competitors for applying dumping prices, not even when this concerns (Norwegian) herring. It is realistic, because it is said that studies exist proving that dumping is endemic in Poland.

There are at least two barriers to using related information. Above all, imposing dumping sanctions is a luxury which Poland simply cannot afford financially. Then there is also the question of whether toying with the imposition of protectionist instruments is proper in a market which is largely dominated by monopolies or exclusive producers.

Besides, it is not unlikely that the best instrument for protecting the market against price undercutting is the Antimonopoly Law, on the condition that the Antimonopoly Office has sufficient funds to conduct studies demonstrating whether market prices are honest or to initiate lengthy proceedings against companies holding dominant positions on the market and benefiting from the advice of the best lawyers. Incidentally, the "Chicago school" of economics advocates that even the application of antitrust laws by a government is too much of a burden on the public.

Regardless of the theories, the antidumping problem is a fact. Dumping is applied against Polish enterprises by foreign companies, chiefly from the countries of the European Union and the United States. Could and should Polish companies organize similar actions? Until not so long ago dumping used to be practiced in Poland by renowned foreign companies with the blessing of the Communist authorities and through the mediation of, among others, Pewex, DAL, and similar [hard-currency stores]. At the time such dumping was good for the Polish consumer, although it served those renowned companies as a great way of getting rid of perfumes or coffee whose shelf life had expired, or of defective sweaters.

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So long as there was no free market, nobody was concerned about dumping. Popular opinion was that dumping occurs when a foreign company sells its merchandise at prices lower than a domestic producer. What is worse, and is highly likely, as suggested by Ewa Kaliszuk of the Institute of Business Cycles and Foreign Trade Prices, is that this fallacious definition is still in vogue.

It is because that is how they interpret dumping that many Polish companies complain to the Ministry of Foreign Economic Relations that they are the victims of dishonest competition from, for instance, Hong Kong garment manufacturers. Yet dumping, as defined by law, occurs when a foreign company sells its product in Poland either below the price on its own market (the so-called normal price) or below its production cost.

Who Is the Winner?

Properly speaking, Polish manufacturers can hardly be blamed for misunderstanding the meaning of dumping, since barely a few years ago they could not even defend themselves against it. It was only in 1991 that the chapter "On Protecting the Market Against the Importation of Merchandise Imperiling the Economic Interests of Domestic Producers" was incorporated in the Customs Law.

The first to avail themselves of this law were the Polish manufacturers of urea and ammonium saltpeter. In 1993 the Pulawy Nitrogenous Fertilizers Works accused producers in Belarus, Estonia, Lithuania, Latvia, Russia, and Ukraine of the mass-exportation to Poland of urea and ammonium nitrate at prices below their production costs.

A judicial investigation found that the complaints about Estonia and Lithuania were unjustified. On the other hand, it was proved that imports from the four other countries limited the sales market for Polish producers. In effect, the Ministry of Foreign Economic Relations decided to establish the Committee for Protective Proceedings (KdSPO), consisting of representatives of the Ministry of Industry and Trade, the Ministry of Agriculture and Food Industry, the Ministry of Finance, the Central Planning Office, the Antimonopoly Office, the Agricultural Market Agency, and the Main Customs Office.

This report would not be complete without mentioning that at about the same time the EU's European Commission initiated antidumping proceedings against, among others, the Pulawy Nitrogenous Fertilizers Works, which was selling its fertilizers (a mixture of ammonium saltpeter and urea) at dumping prices in, among other countries, Germany. A better example of hypocrisy would be difficult to find. But even Professor Stanislaw Soltysinski, who is a resolute foe of market protectionism and supports resorting to the Antitrust Law, is not particularly surprised by "...Polish producers applying that kind of instrument of self-defense to protect their position on the market, since the others are using the same instruments against Polish companies."

In Pursuit of the WTO

From the legislative point of view, the existing methods of protecting the Polish market against dumping are rather inadequate. Especially considering the 1994 GATT agreements which became the basis for establishing the WTO (World Trade Organization), and which serve to protect the Polish economy against, among other things, the practice of dumping (Agreement on Applying Art. VI of the GATT, 1994). Poland, which decided to ratify the Marrakesh Agreement (15 April 1994), must speed up adjusting its laws to WTO provisions. Thus, the Ministry of Foreign Economic Relations is drafting a new law serving to apply the majesty of international (and EU) law in order to counteract dumping on the Polish market.

According to that draft law, companies accounting for 51 percent of output in a given subsector will not only have to present information on the occurrence of dumping but also justify it by, among other things, specifying the price at which a commodity is sold by a firm or firms on the Polish market and comparing it with the price of the same commodity as sold on the domestic market of the producer.

Besides, for a year now special forms have been printed to be filled out by Polish producers who complain about dumping and forwarded to the KdSPO. Yet, although in the last two years that committee has received some 50 complaints about dumping, Tomasz Cecelski, a deputy director at the Department of Trade Policy and Protective Proceedings, Ministry of Foreign Economic Relations, said that he has never yet encountered a case in which a Polish company was able to properly document its complaint. Besides, a majority of these complaints was rejected by the committee.

An Unknown Market

Certainly, ignorance may be one reason for this situation. But money is the real problem. Since Polish companies lack sufficient investment capital, they prefer not to "waste" it on market monitoring, such monitoring being indispensable to gaining knowledge of the foreign competitor's price policies. Then also there are some companies, such as Impexmetal, which for the time being are deliberately postponing checking on competitors' prices. Incidentally, about 10 years ago that com-

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pany was unjustly prosecuted for dumping. In the opinion of Mark Kaminski, Impexmetal's director for economic affairs, "In Poland processing costs in the nonferrous metals industry continue to be too low for foreign enterprises to afford dumping." It appears that the 5-percent border tax additionally curbs the appetite of foreign companies for dumping. The market is viewed similarly by Antoni Sokol, a deputy director of Vistula SA. At present he perceives no threat to his company, if only because differences in clothing prices are most often justified.

Has the law been adequate? Perhaps the consumer, for whom the competition between Polish and foreign companies is beneficial, is satisfied with it. Observations by Director Cecelski indicate, however, that Polish companies are not conducting deep market analyses because they cannot afford them.

A Chain of Absurdities

Officials at the U.S. Department of Commerce (200 employees) know best how much it costs to prosecute dumping. At one time the department spent money to monitor imports of Canadian ice cream, on which an antidumping duty was imposed, three times as much as was the value of that ice cream on the American market. Absurd? There are more such absurdities. First, a company which wants to prosecute competitors for dumping must spend a great deal of money and keep up daily monitoring of its competitors. Later, once the hunter catches the quarry in flagrante delicti, the burden of expenses shifts onto the quarry, with the company spending additional hundreds of thousands of dollars. Finally, when the situation becomes more or less clear, the customs services begin to investigate border leaks. But in reality, it is the taxpayer who pays for all this. Should then, as some people believe, refraining from investigations of dumping on the Polish market be justified?

A Distribution of Forces

The Polish case is more complicated than the Western ones; it is not confined to shortage of money alone. It also extends to the shortage of intraindustry solidarity.

Domestic companies, especially the state-owned ones, despite their considerable experience in claimant-type lobbying, are not used to cooperating in market studies. They rather prefer to compete with each other abroad. For West European companies, a signal will suffice to immediately begin organizing themselves against dishonest competition. Moreover, they belong to associations, such as the CEFIC (European Chemical Industry Council), the EFMA (European Fertilizer Manufacturers Association), or Eurocotton, which have tremendous experience in assisting companies threatened by dumping. In the United States and the European Union, [legal] instruments are available for suing Polish manufacturers for real and imaginary sins of dishonest competition. In Poland as yet it is a David versus Goliath situation. In professional lingo it is called "an asymmetrical utilization of means of protection."

Iron, Steel Industry Status, Future Examined

95EP0110A Warsaw GAZETA BANKOWA in Polish 7 May 95 No 19, pp 16-17

[Article by Ireneusz Chojnacki and unnamed others: "The Iron and Steel Industry Is Chiefly Concerned About Avoiding Layoffs"]

[FBIS Translated Text] The modernization of the iron and steel industry is proceeding in a chaotic and uncoordinated manner because the government does not guide the actions of the plants. If this goes on, the industry may self—destruct, because it is burdened by flaws which cannot be eliminated in the absence of outside pressure.

The Strength of Weakness: Iron and Steel Plants Are Too Strong To Let Themselves Be Managed [by Outsiders] and Too Weak To Modernize Themselves on Their Own

In view of the considerable technological backwardness of the Polish iron and steel industry, its rapid restructuring would be unrealistic. The optimism exhibited several years ago by the Ministry of Industry and Trade was groundless, because definite funding sources for such restructuring have never been named. Ever since the Canadian Consortium [Hatch Associates, Ernst & Young, Steltech) estimated the cost of restructuring the iron and steel plants at nearly $4.5 billion, it has been clear that this challenge could be met neither by the plants themselves nor by the plants together with the banking system, nor even by the plants and banks when supported by the state budget. That is because the iron and steel industry was not and is not the sole subsector of the Polish economy to need restructuring. Our investment needs are at times estimated at the unimaginable sum of $350 billion, whereas capital in Poland is lacking more than anything else. The aggregate capitalization of Polish banks is about 90 trillion old zlotys. Under the law this makes it possible to securely grant bank-consortium credit of about 15 trillion old zlotys, that is, just enough to modernize the Labedy steel plant and nothing more. Of course, there is the condition that banks consider it good business, which is, to say the least, doubtful, because they have been demanding government loan guarantees even for much smaller loans.

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As for the state budget, the iron and steel industry cannot count on its support. The industry's overall need has always been greater than the annual state-budget deficit. Still, all this does not justify the course of the modernization of the iron and steel industry so far, for several reasons.

First, since it is considered a strategic industry, the government should consistently introduce structural changes—according to the Canadian guidelines, without any special consideration of the parochial interests of individual plants. Secondly, instead of complaining about the lack of funds, funding sources should be explored—for example, in the targeted funds that had been eliminated in 1990 only to be revived on an ambitious scale in the subsequent years, or in various government agencies. Lastly, should the capitalization of the industry become concentrated, then Western banks might agree to finance at least basic investments, (i.e., continuous steel casting lines.) Then we would cease to rely solely on our own modest resources.

But this has not happened, and the iron and steel industry, which employs nearly 100,000 people, has been a loser during the first years of the reforms and continues to experience huge problems in rebounding from its nadir. Of its 25 plants only fewer than one-half continue to operate profitably, but at a level which does not allow considering major investments. This situation is menacing in view of the 85 percent indicator of the depreciation of the industry's machinery and equipment. To be sure, at least until June 1994, the industry has been cutting its losses, and it even earned a net profit of 1.2 trillion old zlotys altogether, but that is far from optimistic. That is because during the same time the liabilities of its plants have been rising and were nearly twice as high as its accounts payable (31.2 trillion old zlotys vs. 16.7 trillion old zlotys), and its net liabilities exceeded the value of its liquid assets by more than 32 percent. In short, the iron and steel industry was and is an impotent mastodon which cannot be revived.

The first decisions intended to nudge the Polish iron and steel industry in the direction of modernity were taken in the early 1990's. The Ministry of Industry had at the time commissioned the aforementioned Canadian Consortium to undertake a study of this subsector, which was adopted by the Council of Ministers as the strategy for action. That was in December 1992, meaning that in a few months three years will pass since the day on which it became known what to do. But yet again it turned out that in Poland it is not enough to just know. The formation of the Interministerial Taskforce for the Restructuring and Privatization of the Iron and Steel Industry and the expenditure of considerable outlays on restructuring that industry have produced few results so far. That is because the Canadian advice could not be successfully put into practice, and the effects of this impotence are by now visible to the naked eye.

The Government and the Plants

The Canadians had proposed shutting down seven of the 25 Polish iron and steel plants, closing 75 departments, and reducing the number of steel plants from 18 to six. This was to result in the creation of, among others, a growth-oriented plate mill (through cooperation between the Katowice and Sendzimir plants), the preservation of two special steel plants (Baildon and Stalowa Wola), and the organization of an efficient manufacture of tubes and sheets. The cost of the overall operation was estimated at $4.45 billion maximum, of which about $2.85 billion was to be spent on technological modernization.

But before any steps could be taken, the government, being unable to reconcile the parochial interests of the individual plants, increased the number of protected steel plants to 11 and reduced to two the number of the plants to be shut down (Bobrek and Szczecin), even though as many as 18 iron and steel plants operating in Poland had been built before World War I. Moreover, it ensued from the recovery programs of the plants themselves that the number of steel producers was to be neither six as the Canadians wanted, nor 11 as suggested by the government, but 13. Consequently, it turned out that the output of finished products also is to be higher than postulated by the Canadians, by more than 30 percent, and in this connection the envisaged employment in the Polish iron and steel industry increased from 43,500, which was proposed by the Canadians, to about 73,000. In short, the program for restructuring the industry had collapsed even before it was launched. As a result, we forfeited, among other things, the chance to obtain $220 million in modernization credit from the World Bank.

The Go-It-Alone Plants

But this does not mean that the plants made no investments during 1991-94. On the contrary, during that period they spent about $720 million on modernization, and a dozen or so additional such projects totaling $1 billion in investments are being currently worked out. Of that $1 billion, 25 percent is to be provided by the state budget, which clearly is the principal funding source for restructuring the iron and steel industry. Unfortunately, little shows that the monies spent so far have been spent productively. Instead, what is happening is a shortsighted struggle for survival rather than actual modernization, let alone capital concentration. To be sure, the Warsaw steel plant was sold to the Italians,

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but the remaining plants are either independent or under the NFI [National Investment Funds (being privatized)], or "in liquidation," although that is perhaps said too strongly, because only the Bobrek plant has been shut down, and at a snail's pace at that. To be sure, the investment programs of the individual plants are in themselves usually logical, but they make no allowance for the needs of the subsector as a whole. As a result, probably some 20 percent of the finished and semifinished products wander from one plant to another, and this situation will not change soon. The more so considering that the plants themselves are counteracting these changes, as reflected not only in their survival-oriented investment programs but in their practices. The Czestochowa and Zawiercie plants, which were originally to cooperate, apparently forgot about it by now and each is expanding on its own. This is hardly surprising since the Katowice and Sendzimir plants also are not correlating their operations. After all, these plants were to create a joint holding company, but since the government has not taken a clear position on the elimination of the raw materials department at Sendzimir, that plant continues to operate it. As for the Katowice plant, which also maintains a raw materials department, it is steadily continuing to build a continuous casting line. (By the end of June 1994, about 51 percent of the allocated funds, or 1,667 billion old zlotys, has already been invested in that project).

Even more telling is the fact that nearly all the plants which had originally been slated for liquidation are continuing to modernize. This is perhaps the most glaring manifestation of the industry's concern for social protection for its employees, in that it strives to maintain production and employment despite the lack of investment funds, thus prolonging its agony as long as it can.

As described briefly above, these actions of individual plants for the sake of self-preservation hardly strengthen the iron and steel industry as a whole, except vis a vis the government, but that is of declining importance because the liberalization of the access of industrial products from the European Union to the Polish market is progressing. Since the beginning of 1993 no duties have been imposed on the importation of eight groups of steel products, and in January 1995 the barriers to the other products have begun to thaw.

Strikes Will Be Declared

In a word, in a year or two, the atmosphere at the plants may become very heated, the more so since it looks like the compromises between the government and the iron and steel industry are bearing particularly rotten fruit. After several years of largely make-believe and costly restructuring, the proportion of steel cast by the continuous method in Poland is only 8-10 percent compared with not less than 87 percent in the countries of the European Union. As a result of this huge technology lag, out of the same amount of molten steel we produce about 20 percent fewer final products than the countries with a modern steel industry. Similarly, our steel output is about 60 percent more energy-intensive and four times as labor-intensive.

About the only good thing about it is that the Polish steel plants meet about 50 percent of their demand for scrap on their own. What is worse is that, given this backbreaking "self-sufficiency," we are producing only minute quantities of corrosion-resistant steel and cannot increase our output of alloy steels or rapid-cutting steels—the kinds of steels which enjoy growing demand. Our processing operations are not in good shape either, so that Polish products are not competitive. We are exporting chiefly relatively unprocessed products, of poor quality and at a loss. To oversimplify it somewhat, we are exporting them for export's sake. Worse even, the domestic market outlook is not much better. It turns out that, for example, the Sendzimir plant also is having troubles even though it either holds a monopoly on certain metal products or predominates in their manufacture. In the first half of 1994 it even offered certain products at prices 15 percent higher than those that would be asked by Slovaks, Finns, or Germans, if given equal access to the market.

Hence, as expected, once the import-duty barriers protecting the Polish market are abolished in 1997, the Polish iron and steel industry will face the moment of truth. I doubt whether we can cope with the Western challenge. I also believe that to a large extent the fault is ours. After all, we had plenty of time to both consolidate this industry and adjust its range of output, but we forfeited these opportunities. We are stuck in nearly the same spot as five years ago, and we will have to pay for it.

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Profitability of Certain Iron and Steel Plants (in billions of old zlotys)

Plant	1993			1994		
	Earnings	Net Profit	Profitability (percent)	Earnings	Net Profit	Profitability (percent)
Katowice	15,464	180	1.16	23,879	12	0.05
Sendzimir	11,645	- 319	- 2.74	17,668	117	0.66
Czestochowa	4,406	- 117	- 2.66	6,076	- 119	- 1.96
Florian	1,873	39	2.08	2,917	97	3.33
Ostrowiec	No data	No data	No data	2,845	3	0.11
Labedy	1,585	56	3.53	2,795	114	4.08
Pokoj	1,542	- 19	- 1.23	2,693	33	1.23
Batory	1,481	- 82	- 5.54	2,179	- 451	- 20.70
Andrzej	1,162	63	5.42	1,395	6	0.43
Malapanew	565	- 75	- 13.2	816	21	2.57
Bedzin	542	12	2.21	654	29	4.43
Buczka	593	20	3.37	631	27	4.28

Good Times Are Coming...but Not for Everyone: The Improved Economic Outlook Means Greater Demand for Steel Products

In 1994 the world demand for steel increased by nearly 4 percent, and according to OECD expectations, this year it will grow at a similar rate.

This forecast has proved true already in the first quarter; many steelplants all over the world already are operating at almost full capacity, and in the European Union orders for certain steel products are executed with a five or six-month time lag, with producers announcing price increases. It looks like the steel industry is making up for the lean early 1990's, when most steel plants had to cut back on their output.

An Industry History

The chances for growth ensue from expectations of a thriving economy, because the global demand for steel depends chiefly on the level of economic activity. And although the times are long past when per capita steel output had been viewed as the principal growth indicator, neither the automotive industry nor construction can exist in the absence of steel. It is precisely these subsectors, plus the machine-building and shipyard industries, that are the principal customers of steel plants.

In the last 15-20 years steelmaking has ceased to be one of the principal branches of industry, and at the same time it has changed greatly. The industrialized countries, once the chief steelmaking centers, have begun to reduce steel production, both because it has often been unprofitable and due to its harmful environmental effects. In contrast, it has been expanded in Third World and newly industrialized countries, especially in Korea, Brazil, and China, which at present rank among the 10 biggest makers of steel products.

Changes in demand have also taken place. They are reflected in, for example, automobile manufacturing: In the new car models the content of high-grade coated and stainless sheet metal has been increasing from one year to another. This also applies to household appliances (washing machines, refrigerators, and the like) and the industries manufacturing various kinds of tools, especially precision tools. For example, in the last decade alone, the demand for stainless steel has increased by 70 percent.

Cutbacks and Money

The last 15-20 years have also been a period of "leaner" products based on steel use. This trend is markedly influencing the level of demand, especially in the developed countries, and causing production cutbacks.

The changes in demand have been accompanied by changes in the steel industry itself. Most plants in West Europe have been thoroughly modernized: eliminating

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open-hearth furnaces, introducing continuous steel casting technology and many other new technologies almost universally, and substantially reducing the energy-intensiveness of steel plant operations. This was combined with the restructuring of the steel industry, chiefly based on considerable cutbacks in production capacity.

This has been an immeasurably costly process, not just in view of the magnitude of the investment outlays. Thousands of employees have been laid off in the steel-making regions of France, Belgium, and Germany. To aid the steel industry, the European Commission spent at least ECU30 billion in the 1980's. The assistance to the steel industry was not limited to money alone; for several years the size of output and the prices were officially regulated on the Community market. In addition, detailed timetables specifying varieties of output were issued for each country of the Community, along with import restrictions, and antidumping proceedings were often initiated against foreign suppliers.

These measures, (which were gradually relaxed), improved the situation of EU producers. But with the recession in early 1990 there again arose tendencies, as chiefly voiced by EUROFER, the Association of European Steel Producers, to place the steel industry under special protection. But they did not materialize, and it appears that the 1997 deadline for abolishing the last restrictions on the importation of steel products to the European Union will be observed.

Polish steel plants are counting on that deadline; for them the EU is a major sales market. At the same time they are apprehensive that, since in the same period Poland also will completely open its domestic market, we will be inundated by steel from the EU. These apprehensions are not groundless; EU producers beat ours in both prices and quality.

Problems of State Railroad Viewed

95EP0126A Warsaw POLITYKA in Polish 20 May 95 No 20, pp 1, 6

[Article by Jan Dziadul: "Polish State Railroads: Too Much Trackage and Too Many People? A Train Ride Into the Unknown"]

[FBIS Translated Text] It is known that when spring comes railway workers from Tarnowskie Gory in the Silesian DOKP [District Directorate of State Railroads] will begin their protests. The saying on the railway is that those from Tarnowskie Gory are on a continuous strike alert.

Each of the 1.4 million travelers who use the services of the PKP [Polish State Railroads] on a daily basis should be aware that by purchasing a ticket to Pcimie or Berlin he assists the railways in maintaining nine correctional facilities. In the 1970's, the PKP got itself its own prisons in order to properly accommodate the convicts engaged in work along railway tracks. The PKP has been carrying, to this day, the strange baggage which would fit better among the cars in Tuwim's "Locomotive" than on a railroad which is making strides "toward Europe," as does everything and everyone else in our country.... Before the war, they set watches by the schedule of train movement. The best one can do at present is determine the season: If railroad workers threaten to strike or are stopping trains already it must be spring!

Ryszard Zalewski, the DOKP general director, admits: "Trouble in Silesia is the most painful for the railroads themselves and for the state. Silesia generates one-third of the proceeds for the PKP; this is where 60 percent of the goods carried in Poland are loaded."

Tarnowskie Gory is the second-largest railroad junction in Europe next to Hamburg. Three hundred trains are dispatched from here daily. Most of them are filled with coal; it is coal that is responsible for one-half of the 7 trillion (old zlotys [Z]) in profits generated through cargo carriage. Activists of the railroad trade unions are fully aware of the "mighty strike leverage" they possess.

Jerzy Kloza, senior dispatcher at the Tarnowskie Gory station and a Solidarity activist, asked: "Are we to blame for the fact that for a few years now we have not been able to resolve anything with the general directorate without the big stick of strikes?"

Waldemar Towarek, deputy chairman of the Solidarity union of railroad workers from Tarnowskie Gory, explained: "They have been promising us raises since April and, as always, have not honored the agreement. They will sign anything for us; when the deadlines come it turns out that they do not have money for anything—neither for coal, nor for the social fund, nor for wages.... So what are we to do?"

Stanislaw Kokot, a switchman from the Herby Nowe station, added: "We had to remind the general directorate that there are also railroad workers on the railway."

According to the distinction drawn in Tarnowskie Gory, the railroad employs railroad workers and railroad employees. Those who work for the railroad know what this subtle difference is all about....

All problems of the PKP are in plain view from the humps of Tarnowskie Gory; from there, it is possible to assess the health condition of the carrier which as recently as the 1980's moved more freight and passengers than the railroads of France and Germany combined and

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generated decent profits. In Tarnowskie Gory, railroad workers also have an opportunity to eye the wallets of their neighbors—miners and steelworkers—and this is why the grinding of the railroad workers' teeth is heard most frequently from these parts.

The greatest fear of Henryk Gut, a senior locomotive engineer, is to be [disqualified by] a physician after 32 years of driving locomotives: "If they take me off the locomotive, it will be the end. I will have to tighten my belt...."

Henryk Gut belongs to the highest pay grade; he has a basic wage of Z3.3 million and a few million in bonuses "for driving." If we add to this the coal allocation equivalent (3.6 metric tons of coal annually, paid at 2.7 million per metric ton and the "uniform" equivalent adding Z170,000 to his earnings), he will end up making about 10 million old zlotys before taxes. If he stopped driving and transferred to a shop his earnings would go down by one-third. He said: "This is a humiliating prospect for a locomotive engineer. Perhaps the physician will not get on to me...."

Last year, the average wage at the stations was Z5.8 million before tax, and at locomotive sheds—Z6.6 million. In the Silesian DOKP (where earnings are 10 percent higher than in other directorates) the average wage in the first quarter of this year came to 685 new zlotys, and the earnings of the railroad "aristocracy" were as follows: locomotive engineers—Z884 and dispatchers—Z858. In addition, railroad workers receive coal allocation equivalents (between 1.5 and 3.6 metric tons depending on position) and free passage for themselves and their children; "inserts" for wives must be purchased for Z32 a year. Now that the issuance of free drugs to railroad workers has been discontinued these are the only privileges PKP employees have.

Railroad workers nostalgically recall their good earnings before 1990; those of locomotive engineers and dispatchers were comparable to the wages of miners. Norbert Mateja, a locomotive shed chief, believes that this perception is misleading: "Money was made due to astronomical amounts of overtime. Some locomotive engineers logged 300 to 400 hours at work. They used to say that they did two months in one. This has now ended."

The remuneration of railroad workers (wages and related payments) account for about 45 percent of all outlays of the PKP which are estimated to reach Z57.5 trillion in 1995.

There are 23,000 kilometers of tracks in our country, of which one-half have electric traction. However, the railroad lacks funds to maintain and upgrade them. Two-thirds of the tracks and other engineering structures are over 80 years old. Only 5,000 kilometers of tracks (trunk lines) are maintained in good condition (to European standards), 12,000 kilometers are adequately maintained, and 6,000 kilometers (regional lines) are gradually deteriorating.

The cost of maintaining railway trackage is immense: Under our conditions, maintaining one kilometer of an trunk line means an annual outlay of $20,000. Upgrading such a kilometer (for example, adapting the Kunowice-Poznan-Warsaw line for trains moving at 160 kilometers an hour) costs $720,000; the construction of one kilometer of a new trunk line costs on the order of $10 million. It is estimated that the preparation of the Central Trunk Line (Warsaw-Katowice-Krakow) for the movement of express trains doing 250 kilometers an hour will absorb over $700 million.

The railroad infrastructure is expensive, but in all of Europe astronomical sums are being invested in it: It would be safe to call the things happening in the West a railroad renaissance and an investment boom. A vigorous comeback of transportation by rail owes a lot to ecological considerations. This aspect has not yet been appreciated in Poland.

In WOLNA DROGA, a newspaper of the railroad Solidarity, Aleksander Janiszewski, the general director of the PKP, came out in favor of closing down as soon as possible 6,000 kilometers of track which do not fit within the rational pattern of railway lines. The PKP does not have a single zloty to maintain them. Had carriage on these lines been discontinued in its entirety last year, proceeds would have dropped by Z75 billion, but outlays would have been as much as Z770 billion smaller. Director Janiszewski stated: "If we ascertain a threat to safety we will suspend traffic."

The railroad Solidarity is opposed to such a solution, finding that such prospects are discriminatory with regard to tremendous sections of the country which will be further removed from railway lines.

However, it is a fact that on many lines proceeds from freight and passenger traffic cover only 1 percent of the outlays made by the PKP to maintain them. Being a state carrier, the railroad has public duties, but is it supposed to discharge them up to the limit of economic absurdities?

Director Ryszard Zalewski said: "We suggest that self-government bodies develop regional 'transportation policies' through which they determine the significance of given lines. Could it perhaps be cheaper to replace them with buses? If they find that some routes are

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necessary, regions should contribute to funding them. Such rules apply in Western countries...."

If the PKP did not have to carry passengers it would be one of the most profitable companies in the country. The railroad made almost Z7 trillion last year moving 215 million metric tons of goods; half of the proceeds were from carrying 106 million metric tons of coal and coke (in 1988, almost 430 million metric tons were carried, and in 1992—202 million metric tons). However, these excellent profits were consumed to patch up an immense hole caused by passenger carriage.

Railroad workers argue that profits from "cargo traffic" would be greater still if competition between carriers (motor vehicle transportation and the railroad) were fair.

Zbigniew Luszczynski, the chief of the freight trade bureau at the Silesian DOKP, explained: "The railroad foots almost the entire bill for maintaining their tracks. Meanwhile, all but a fraction of the cost of building and maintaining highways is borne by motor vehicle transportation. This is why the latter frequently underbids us with competitive rates...."

Passenger carriage is unprofitable not only in our country. On most European railroads ticket prices cover only 22-32 percent of the costs. In Poland, only EuroCity and InterCity trains, along with express runs, make a profit or at least break even. Long-distance trains generate 80 percent of their costs, but they account for only 5 percent of passenger carriage. Local carriage (up to 40 kilometers) covers only 20 percent of its costs; however, it accounts for as much as 90 percent of all travelers. In Western states, the budget covers the deficit of passenger carriage; regional, self-government, and city budgets are tapped to finance local carriage.

The current law on the PKP (dated 1989; a new one is still embryonic) also obligates the state to allocate an organization-specific subsidy in the amount of 50 percent of outlays on the construction, modernization, and maintenance of railway infrastructure and a product-specific subsidy for the difference between the proceeds from passenger carriage and its costs. In recent years, the PKP has not received even one-half of the subsidies due it. In 1994, Z6.8 trillion was provided from the budget as financial support; this year, Z7.1 trillion has been allocated (the last year's rate of inflation came to 32 percent). In 1990, subsidies for the PKP accounted for 1.8 percent of the budget; this year, they have fallen to less than 1 percent.

Boguslaw Szozda, a deputy minister of transportation and the maritime economy, observed correctly in an interview for WOLNA DROGA that subsidies for railroads are in line with the potential of the state.

However, there is a problem in that a ban on covering the deficit in passenger carriage with profits from the carriage of freight has applied since 1991 in the European Union, i.e. the place which our railroad is also making strides toward (if for no other reason, this is dictated by the desire to avoid the temptation of excessively raising freight rates and to establish fair play rules in passenger carriage). Therefore, the state must subsidize the railroad; such are the European rules of the game.

Assets of the PKP are huge (they are put at Z160 trillion) and a considerable proportion of them are unnecessary. Undoubtedly, the assets place a burden on the railroad finances, that is to say, also ticket prices and the continuously growing freight carriage rates which are drawing criticism. We are paying for almost 120,000 enterprise-owned apartments of the PKP, schools, resort hotels, and the already mentioned prisons.... The PKP used its huge yardstick for everything: In its best years, it carried close to 1.1 billion passengers (in 1994, 540 million people) and 500 million metric tons of freight. The PKP also went beyond the yardstick because in addition to strictly railway infrastructure, construction, shoemaking, trade, and gardening enterprises proliferated.

Andrzej Graniewski, deputy director of the Silesian DOKP for operations, defines the main thrust of changes as follows: "The PKP strives to engage solely in moving trains. Just as all state-owned giants we have spawned unnecessary 'juicy morsels' which we have been pruning for a few years now...."

In the last five years, almost 110,000 workers quit on the railroad (among others, construction, transportation, and research enterprises have been spun off by the PKP organization); 242,000 railroad workers remain. In the opinion of the General Directorate, it is still way too many.... When Director Janiszewski announced the shedding of 10,000 people by the PKP this year it drew a sharp response from Solidarity. Maintaining employment levels is one of the main demands of the strike committee.

About 210,000 workers, or more than 30,000 fewer, would suffice to meet current transportation needs.

The general director of the PKP said that many changes on the railroad are restricted because of the power of the trade unions.

Jerzy Kloza from Solidarity in Tarnowskie Gory stated: "We would like the last year's number of positions to be retained. In two years, the directorate will begin to cancel train runs because there will be no people to drive the trains rather than for economic reasons. The general

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directorate is not hiring new people, and we have no support facilities...."

In the opinion of Director Zalewski, the trade unions defend a "huge railroad" despite economic considerations: "We must answer this question for ourselves: What is our forecast for the PKP? Is it supposed to be a company which earns its keep and places the least possible burden on the budget? Is it supposed to be a juggernaut which does not care about revenues, reaching into the state coffers all the time instead?"

The most frequent dream of railroad workers is about the German model of railway operations in which the railroad is divided into three sectors: freight carriage, passenger carriage, and infrastructure. The first two sectors operate along strictly commercial lines (the passenger sector is supported by subsidies). The infrastructure is maintained by the state in its entirety.

This model is also preferred by the PKP General Directorate; however, arriving at this model under our conditions calls for intermediate arrangements. Director Janiszewski sees a PKP divided into the following sectors: freight and passenger carriage, infrastructure, and a sector managing nonrailway assets (sales outlets, apartments, etc.) The last sector would be transformed into a governmental "reconstruction agency" which in the long term would take over all PKP assets with the exception of 17,000-to-18,000-km-long railway network.

Such arrangements have already been proposed in draft laws on the PKP. However, they call for a firm hand and for manly decisions. They call for vision and courage in order to see the necessary changes through to the end. Otherwise, Tarnowskie Gory will be on a major strike alert again.

[Box, p 6]

Three EuroCity trains, 13 InterCity trains, 29 express trains, two hotel-type night trains, 510 fast and long-distance passenger trains, and 4,900 commuter trains run every day.

Tickets can be purchased at 4,000 locations, but only 126 terminals have a computerized system for seat reservations and ticket sales.

[Box, p 6]

The railroad has 2,300 electric locomotives (of which 1,400 are operational), 3,800 diesel locomotives (1,500 are operational), and 120,000 freight cars.

[Box, p 6]

The budget supports the railroads to the tune of 4.7 percent in Germany, 2.7 percent in France, and less than 1 percent in Poland.

Strategies for Rehabilitating Silesia Examined

95EP0119A Warsaw POLITYKA in Polish 13 May 95 No 19, pp 1, 8

[Article by Jan Dziadul: "Silesian Powerlessness. What To Do With the Biggest Rubbish-Heap in Europe?"]

[FBIS Translated Text] Silesia is facing a challenge similar to that faced by the Ruhr Basin more than 30 years ago. I dream of Katowice, Zabrze, and Bytom resembling the present-day Dortmund, Duesseldorf, or Essen even a little bit. However, if this were to happen within 15 to 20 years, $200 billion should be spent to clean up Silesia.

This is where the flight of fantasy could end. Silesia is not in a position to cope with the plague of civilization on its own. Nobody in either Poland or Europe will come up with a sum that big to restructure just one region. No Silicon Valley is going to arise here in the lifetime of our generation. Therefore, what is to be done?

The simplest thing would be to fence off the entire territory (it accounts for as little as 2.1 percent of the area of our country), set up an open-air museum of large-scale industry in Europe, and demonstrate how "industry should not have been practiced." However, what is to be done about this largest trash heap in Europe which contains more than 2 billion metric tons of industrial waste, and to which another 80-100 million metric tons are added annually? If these statistics are not impressive, let us repeat after World Bank experts that there is no other metropolitan area in the world that is so densely populated (600 persons per square kilometer, whereas in the country as a whole it is 120 persons), that has 300,000 metric tons of waste, which are a strong unfavorable influence on land, air, water, and, first of all, people, stored on each square kilometer.

What is to be done about the people in whom scientists have identified so-called changes in the genetic code which almost give them the right to distinguish a new species, Homo Silesianus? What is to be done about this human trash heap?

What is to be done about the region in which social, national (Polish-German), and ethnic (Silesian-Polish, Silesian-Basin) conflicts will unavoidably mount along with the progressing degradation of the land and the people, combined with the lack of a future?

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I am not exaggerating; all I am suggesting is to take a look at who populates Silesia!

The Katowice Social Research Workshop asked 1,100 individuals to identify their ethnicity: As residents of Silesia, who do they feel they are? Some 65.5 percent of those polled identified themselves as Poles; 27.5 percent identified themselves as Silesians, and 5.8 percent identified themselves as Germans. Half a percent of those polled consider themselves to be Silesians and Poles at the same time, and almost as many—Silesians and Germans at the same time. I would like you to apply these data to 4 million residents of Katowice Voivodship. Nowhere in the country do the divisions into "us" and "them" exist or are they stirred up quite to this degree—the divisions into natives, residents of the borderlands, and "contract migrants" (one-half of the residents admitting to Polish roots fall precisely into the category of "contract migrants")....

Many years ago, "the entire country built back its capital." It should be recalled that at the time the "entire country" primarily boiled down to Silesia, a region afflicted by the turmoil of war only to a small degree. What kind of reception would the slogan "the entire country builds back Silesia" get at present? Certainly, a total lack of understanding. What does Silesia want? What else does this recent "Polish Katanga" want?

Besides, does it make sense to invest in Silesia? Regions enjoy their five minutes of fame in history and later retire into the background. No longer does anyone order that something be built precisely in this region. Every kilometer of a highway, each foundation for a house or a production shop costs at least one-third more here than in other corners of the country. Just sizing up a highway construction project robs one of his sleep. Highways can speed up the liquidation of a dozen or so mines. The need for special subsurface safety measures along the roadways will cause the cost of coal production to rise considerably. Mines may not be able to bear the weight of highways.

Sucked In and Spat Out

In the past, Silesia produced one-quarter of the national income. At present, they still mention 12-15 percent. According to projections, the present-day economic potential comprised of mining, metallurgy, and other heavy industries will diminish by one-third in the next 20 years. Modern industries should not be expected to fill this gap (with what funds would they do so?). At that point, about 1 million people, or one-quarter of the present[illegible] voivodship, will face the prospect of migration, i.e., a return to their native parts from which the industry of Silesia sucked them in. They were sucked in, and now they will be spat out.

If Silesia does not yet present a problem of unimaginable proportions for the country then it is undoubtedly well on the way to being just that. I believe that in the next several years this region will be the primary hotbed of social discontent radiating across the entire country. This is due to relatively strong trade unions which would strive to maintain the heavily industrialized status quo. Quoting from the classical authors, if the "superstructure" in the country does not change rapidly enough it is due to the fact that the Silesian "base" resists it staunchly.

Socialism Without Distortions

How could it be otherwise? Even the worst past appears to be better than an uncertain future. Several years ago, a coking plant which poisoned half the city and made retirees of 40-year-old workers was closed down in Zabrze. However, it was precisely these workers who resisted the liquidation of the enterprise the most. It is precisely the miners, often those working under nightmarish conditions, who defend liquidated mines every which way they know how. It is in their name that the trade unions demand a "socialism without distortions."

I have been asked why Solidarity from Jastrzebie takes the most radical positions in the defense of mining, and why these positions are expressed through raids on Warsaw by a few thousand persons, since by defending the "status quo" they defend the past. Those who were brought in the 1960's and 1970's to mines in the south of Silesia, together with their families, number several hundred thousand people. They have been herded into concrete dormitory cities next to which nothing is found except for mine towers. What is going to happen if the wheels of the drawing shafts stop turning?

I am not deluding myself: They would not return to their native Kielce, Rzeszow, or Mazowsze areas. What would they be going back to? Two years ago, so-called social protections were offered in order to cut the labor force and thus improve the standing of mines. It is estimated that out of 285,000 miners 50,000 work in so-called social positions. That is to say, given the current demand for coal, the mines could do without them. Of course, nobody is going to let them go because this would cause a social bounce capable of bringing down any political government team.

Social protections were supposed to encourage miners to return to their native parts, to get new skills, to go into business for themselves. Also, a loophole was left which made it possible to return to the mine, and the loophole is mostly being taken advantage of at present. Very few have left Silesia, only a few have started their own

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businesses; those who have changed professions are nothing but higher skilled unemployed.... If there are no new jobs it is natural for the people to defend the status quo in every way possible. Miners from the Sosnowiec mine or metallurgists from Bobrek are defending their jobs, which make it possible to support their families, rather than the dinosaurs of socialism. It should be noted that 70 percent of women (mothers and wives) in these families traditionally do not work.

Silesian Solidarity amounts to more than 200,000 members who mostly belong to huge organizations numbering between a few and a dozen or so thousand trade unionists who are mobile, disciplined, and convinced that the voivodship gives more "to the country" than it receives from the budget. As they recently closed their regional convention, they promised to hold the largest manifestation to date in the capital city in May. In the opinion of one of the leaders, it "will not necessarily be peaceful." Through this manifestation Solidarity would like to sensitize the capital city to the problems of Silesia. To sensitize or to antagonize? Silesia does not rank high in the power-broker salons of the capital city: The region's residents are most eagerly viewed as "drudges and diggers" for all time to come. Silesia is not understood by the rest of the country, especially those who are poor.

In all of this, there is no hiding that the promised "march on the capital city" will inaugurate the presidential campaign (although probably without indicating a presidential preference yet); at the same time, this will be an action aimed at destabilizing the parliamentary-government quarters, proceeding from the principle that the weaker the center, the easier it makes concessions. Yet another misfortune of Silesia is the fact that, through its representatives, it allows itself to become involved in a policy which produces no discernible benefits for this land; the "Silesian scarecrow" will work, will do its part, and this is where its role will end.

On the day of the "not necessarily peaceful demonstration," one-half of the people in the country will ask this question once again: What does Silesia want?

Filling Up That Hole

Both literally and figuratively, a huge hole has been dug in Silesia. The issue is to skillfully fill it up without causing political shocks, landslides, and accidents in the process. They have been sinking the hole for ages, but undoubtedly the greatest pit has been dug in postwar years.

Who should fill up the hole? Levying a special tax on local products sold throughout Germany was one way to generate the funds necessary to finance a costly process of change in the Ruhr Basin during its restructuring (at the time, the FRG was going through an economic boom). In our country, this would take the form of a certain amount to be used for the rehabilitation of Silesia being added to each ton of coal or steel....

However, who would agree to this? A clamor would immediately arise to the effect that there are other such "hellholes" in Poland.... The residents of other voivodships are convinced that Silesia has been taking advantage of a special status for too long and too generously in the years past.

For five years now, successive government teams have been trying unsuccessfully to take on the problems of Silesia. Rehabilitation programs which have been developed would make up quite a library on "Silesian powerlessness," perhaps because these programs were developed without conviction. As it is, no current political advantage can be extracted from the rehabilitation of Silesia. The extent of the problem is too great; solving it would take decades. That the prescriptions were thought up far from Silesia may also be a reason: Locally, it has turned out that they do not fit reality; besides, their authors most frequently lost power even before they managed to unveil their proposals.

They sigh in Silesia that a man is now needed such as General Jerzy Zietek who pursued a policy of accomplished facts with regard to the central echelon in his time. When he was voivode he ordered that a foundation pit be dug first for an auditorium or a traffic circle, and gave instructions to build road or parks...and only later notified the authorities about investment projects and demanded funds.

"Regional Contract"

A "regional contract" is being prepared somewhat along the lines of Zietek's actions; it is a program of improvements put together by local forces which should get this rusty locomotive going (in the hopes that once it rolls nobody will be able to stop it)....

The contract is being born amid political throes and, unfortunately, quarrels. Early last year, Solidarity announced its "Contract for Katowice Voivodship" which amounted to a list of postulated demands (what else would one expect of a trade union?). Despite the fact that Solidarity had already had a demonstration with such banners in Warsaw, the "contract" was noticed only after the president began to champion it. Undoubtedly, Lech Walesa has included this point in his preelection strategy: As it is, Silesia has the largest electorate in the country. The voivode is also preparing his improvement program. After Solidarity met with the president

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they began to integrate these concepts for Silesia which, be it as it may, were generated by the grassroots.

In its proposals, Solidarity demanded the following for the residents of Silesia: longer leaves (ecological leaves), an expansion of the list of free drugs and health care benefits, lower taxes (that is to say, an increase in the quota of the costs of generating receipts) and tax exemptions for the users of areas reclaimed after industrial use—for investors, especially entrepreneurs creating jobs in "clean industries."

Voivode Eugeniusz Ciszak viewed his program as an element of "Strategy for Poland" which is easy to understand in the case of a government representative. Solidarity Chairman Marek Kempski believes that the strategy of Deputy Prime Minister Grzegorz Kolodko is not suitable for Silesia which cannot be treated the same as other regions because, if nothing else, one-half of the ecological problems in Poland are clustered here. Success of the process of industrial restructuring on a national scale is out of the question in the absence of restructuring in Silesian industry....

Although the opposites were being combined, a "regional contract" began to emerge from various proposals. The "contract" does not set long-term goals; all it has to do is to initiate transformations and to overcome the powerlessness of the authorities.

As Germany rehabilitated the Ruhr Basin, it had its own energy program (and the funds to carry it out!). The program called for coal to be just one of a few equally significant energy sources. On the eve of what we believe would be the rehabilitation of Silesia, coal is a basic raw material for our country and will remain such for a long time. Until when? Until we replace it with nuclear energy and oil....

Thus, the "contract" will inaugurate the rehabilitation of Silesia "Polish-style." For decades to come, Silesia will only be able to discreetly disguise its raw-material identity.... It is precisely on this identity (on mining and metallurgy) that the status of 60-70 percent of all other enterprises in the voivodship depends. Therefore, these two industries will remain the driving force of development in the region. This situation is not going to change abruptly in the foreseeable future.

Miners were scared stiff when a couple of years ago it was suggested that the Zory mine be closed down. Several thousand residents of Zory who worked in service establishments and only saw the mine from a great distance were scared even more.... A social safety net was offered to the miners. They were not tossed out into the street.

Pangs of Childbirth

The voivodship would like to sign a civil-law contract with the center if the contract miraculously does not end up in the bottom drawers of governmental desks; such an outcome is likely because the contract has been questioned by Deputy Zbyszek Zaborowski, the leader of the Social Democrats in Katowice. He maintained that the contract would not be understood in other regions which would not agree to Silesia being accorded special rights.

Andrzej Czarnik, the director of the Economic Department of the voivodship administration office, offered us assurances: "Silesia is not demanding an exclusive status but rather a consent to a pilot project. The agreement is not even termed a contract for Katowice Voivodship, but rather a regional contract so that other regions of the country could also take this path...".

Very briefly, the philosophy of the contract may be rendered as follows: The central echelon would give up some of its powers and funds in favor of the voivodship; in return, Silesia would shoulder some of the burden which has been too much for all government teams. Therefore, this would be a pilot project for the coming self-governing voivodships which, just as any pilot project, would give them special rights. This is a substantial novelty in comparison with previous ideas for Silesia: Those assumed changes guided from the capital; the region would now like to take matters into its own hands.

Whether the governing coalition will approve the exceptional standing of Silesia is more of a problem than whether the country will accept it. Silesia is going at an ossified centralized power structure with a self-governing hoe.

A few European states (Germany, France, Belgium, and Great Britain) have already gained experience in rehabilitating such heavily industrialized regions. Nowhere has this occurred without a long-term inflow of funds from the outside, without special powers, without state tutelage, without sometimes astronomical outlays....

Silesia is after the same thing—funds!

There Will Be Costs Involved

Voivode Ciszak publicly allays the fears, proclaiming that Silesia does not want additional funds from the budget but only the opportunity to manage on its own what already is available. However, such is the duty of the voivode who must remain loyal to two masters: He is a representative of the government and a spokesman for Silesia.

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Director Czarnik promises to organize a "local capital market." With what? Primarily with the financial resources of residents who have 50-60 trillion old zlotys in savings in the banks. It is just that conditions have to be created for them to make favorable investments (for example, in the issued bonds, letters of lien, and certificates, which coal companies already offer), and a lot of capital will be raised to meet the needs of the region.

Piotr Rojewski, the deputy chief of Solidarity, demands additional funds for Silesia without equivocation, and even not in conjunction with the contract. According to Solidarity, the voivodship should receive larger subsidies from the budget in view of what it has been for the country and what it has become, and also in view of the fact that too much money still flows out of here, and too little returns.... However, nobody is in a position to say how much flows out and how much returns. A detailed inventory of Silesia should be taken before the contract is signed.

Deputy Prime Minister Kolodko frowned upon the very thought of the contract when he visited because it was as certain as could be that Silesia would have to be given more funds. I would cite just one example out of a long litany of complaints made to the authorities: Subsidies to the sector of culture per capita come to 13 new zlotys in the Capital City Voivodship, 17.5 zlotys in Krakow Voivodship, and 5.5 zlotys in Katowice Voivodship. Per resident of Wroclaw Voivodship, 23 zlotys is available for investment in the cultural sector, and per resident of Katowice Voivodship—10 zlotys....

If subsidies, be it in the cultural sector or in any other area, are multiplied by the number of residents (4 million) Silesia plainly receives the most.... Such is, and has always been, the argument of the authorities. In terms of absolute numbers, Silesia has the most of everything, so what else does it want?

For the first time, an idea of what to do about Silesia is emerging in Silesia; its success will depend on the central echelon. Of course, a single program will not settle everything. However, it can get the ball rolling. Even this would be good. Poland will not dodge the problem of Silesia, its responsibility for Silesia. The sooner all of us perceive this, the better. There will have to be costs involved in transforming Silesia. The more funds which can be obtained locally the more favorable it will be for the budget. And yet, Silesia will not be saved with strictly Silesian resources. Therefore, yet another impulse of nationwide solidarity is needed. The Silesian problem which has been minimized and deferred will not go away. It will make its presence known sooner and more vigorously that the state believes.

Let at least the perception of this be shared by all of us.

[Box, p 8]

The Black Bomb: Katowice Voivodship

Area: 6,650 square kilometers (2.1 percent of the area of our country).

Population: 4 million (10.5 percent of the population of our country). Some 3.5 million reside in 63 cities, including 11 cities with more than 100,000 residents.

Employment: labor force—1.8 million, unemployed—168,000, retirees—450,000, annuitants—350,000.

Jobs: industry—more than 50 percent of residents (35 percent nationally) and services 30 percent (50 percent nationally).

Production: 98 percent of Polish coal, 55 percent of metallurgical products, 100 percent of lead and zinc.

Environmental pollution: 30 percent of the nationwide emission of gases, 40 percent of particulate emission, 30 percent of sulfur dioxide, 60 percent of hazardous industrial waste; 20 percent of farmland should be immediately withdrawn from agricultural use.

Health: 45 percent of pregnant women have abnormal pregnancies, 20 percent of children are born prematurely (nationally, the percentage is one-half of that number), one newborn in five weighs less than 2.5 kilograms.

Average wages: in the enterprise sector (February 1995), 831 zlotys gross, 671 zlotys net.

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Slovakia's Gasparovic, Iliescu Discuss Hungary

LD0606153695 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1300 GMT 6 Jun 95

[FBIS Translated Text] At the end of a three-day visit to Bucharest, the Slovak parliamentary delegation led by parliament chairman Ivan Gasparovic was received by Romanian President Ion Iliescu.

Ivan Gasparovic briefed his host on the approach taken by the Slovak Government in its talks with the Hungarian Government when discussing the Basic Treaty between the two states. Gasparovic assured the Romanian president that Slovakia does not accept Articles 11 and 12 of [the Council of Europe] Recommendation 1201 relating to collective rights and autonomy claims of ethnic minorities. Slovak deputies were later received by Romanian Prime Minister Nicolae Vacaroiu. The Slovak-Hungarian Treaty and the draft Romanian-Hungarian Treaty were the main topics discussed at the meeting.

Economic cooperation was given less attention, because the dynamics of Slovak-Romanian relations will be the main point on the agenda of the upcoming talks to be held by Slovak Prime Minister Vladimir Meciar in Bucharest at the end of June.

Iliescu, UDMR's Marko To Maintain Ties

AU0606190595 Bucharest Radio Romania Network in Romanian 1700 GMT 6 Jun 95

[FBIS Translated Text] Today Romanian President Ion Iliescu received Mr. Bela Marko, president of the Democratic Union of Hungarians in Romania [UDMR]. During the talks they tackled the decisions passed at the fourth UDMR congress recently held in Cluj-Napoca, the problem of the Hungarian-language terms included in those decisions, as well as attacks launched against the UDMR by other political forces. Furthermore, they briefly examined the current problems of the ethnic Hungarian community in Romania regarding local administration, lawmaking, and other similar domains. On this occasion they emphasized the need to maintain more systematic ties between the UDMR and the presidential office.

The talks, which lasted for more than two hours, were also attended by Ambassador Traian Chebeleu, the spokesman of the presidency.

This news was sent to us over the telephone by Mr. Andras Bodor, chief of the UDMR press office.

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Government Criticized Over Real Estate Issue

AU0606151595 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 6 Jun 95

[FBIS Translated Text] The Slovene Pan-European Movement organized a news conference at its office on Preseren Square in Ljubljana today on the subject: Slovene Integration With Europe and the Government's Official Proposal for the Change of the Slovene Constitution. The views on the subject were aired by Dr. France Bucar, president of the Slovene Pan-European Movement, and Dr. Tone Jerovsek and Dr. Peter Jambrek, members of the managerial board. Janko Saradjen reports:

[Begin recording] The men in question are all reputable constitutional lawyers and we must say right at the beginning that they are all opposed to the removal of the second paragraph of Article 68 of the Constitution, which bans foreigners purchasing land in Slovenia. Actually, to be fair, they are not so much in favor of this restriction as they are opposed to the procedure chosen by the government.

Dr. Bucar was of the opinion that this posed a fateful question for the mere idea of Europe as a community of equal states, because Europe is laying out conditions for mere associate membership that are not the same for all, but are posed exclusively for Slovenia. This, to Dr. Bucar, undermines the idea of equality.

Dr. Tone Jerovsek emphasized it was not at all true that other countries would not have such restrictions in their constitutions, and cited numerous countries that protect their national interests even more stringently. He wondered whether it was really necessary to rush with the changes of the Constitution in the situation when other countries have far worse constitutional and legal restrictions. He believes that Slovenia could assert its specifics in the European Union as it already allows the purchase of all sorts of real estate.

Peter Jambrek is concerned most by the fact that the government failed to present the true arguments for such a radical decision. He emphasized that Europe is not all the same as, even within the developed European countries, there are two options—one of them is winning with a minimum majority at referendums and favors such a Europe while the other, equally legitimate, is opposed to such a Europe.

Dr. Jambrek was also of the opinion that the media presented people with one side of the problem only, that is, with the difficulties encountered in the process of joining the European Union, however, not with the numerous alternative possibilities.

All three also pointed at another problems, that is, that all over the world—in the East and the West in general—there is a great quantity of speculative capital in circulation, which will use any opportunity to purchase real estate and land anywhere that this proves possible. At the same time, the three lawyers are convinced that the people will, at a referendum—if it takes place—make the right decision regardless of their party affiliation. [end recording]

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Federal

Turkmenistan Opposes Yugoslavia UN Sanctions

LD0606143895 Belgrade TANJUG in English 1243 GMT 6 Jun 95

["Pool" item]

[FBIS Transcribed Text] Ashgabat, June 6 (TANJUG)—Turkmen parliament Speaker Sahat Muradov said Tuesday Turkmenistan would raise its voice against the U.N. sanctions imposed on Yugoslavia.

He repeated his country's support to the Federal Republic of Yugoslavia in its effort to help reach a peaceful settlement of the crisis in the former Yugoslavia.

Muradov said this in a talk with Yugoslav Foreign Minister Vladislav Jovanovic during his two-day official visit to Ashgabat.

Jovanovic's four-day tour of Armenia and Turkmenistan was a success, Yugoslav officials and their hosts agreed.

The most tangible results of Jovanovic's talks were an agreement between Armenia and Yugoslavia to open their embassies in Belgrade and Yerevan in the near future, and an agreement between Yugoslavia and Turkmenistan to establish full diplomatic relations.

Significant results were also achieved in planning economic cooperation. The talks highlighted specific areas in which cooperation could begin at once—agriculture, civil engineering, several industrial branches, and scientific and technological research.

Jovanovic Interviewed on B-H Peace Efforts

Condemns Military Force

AU0706101895 Hamburg DER SPIEGEL in German 5 Jun 95 pp 139-140

[Interview with Serb Foreign Minister Vladislav Jovanovic by an unidentified DER SPIEGEL correspondent; place and date not given: "Pure Madness"]

[FBIS Translated Text] [DER SPIEGEL] Since the taking of hostages the world has declared the political leadership in Pale to be a terrorist organization—are you in Belgrade not concerned about that?

[Jovanovic] Every military operation that kills innocent people, including NATO bomb attacks, is terrorism. I would even call the sanctions against us terrorism, because many people have to die due to a lack of medical supplies.

[DER SPIEGEL] Do you really want to equate NATO's destroying an ammunition store with taking 370 UN soldiers hostage?

[Jovanovic] Everyone who advocates violence in the Bosnia conflict is adding fuel to the fire. But one cannot deny that the United Nations is applying double standards. The ultimatum for handing over heavy weapons applied to both Muslims and Serbs. But action was only taken against the Serbs. That again forces the Pale leadership into irrational and unacceptable actions, such as this hostage-taking.

[DER SPIEGEL] While the Muslims are defending their country and Bosnian Serb Leader Radovan Karadzic is getting involved in ever new war adventures, Milosevic does not even seriously try to mediate.

[Jovanovic] The blame for our lack of success lies abroad. Pale thinks that Yugoslavia's cooperative policy toward the West has not gotten us anywhere, and that is why resistance is the only way.

[DER SPIEGEL] Has Serbian President Milosevic really fallen out with Karadzic over the future course?

[Jovanovic] They have broken off all contacts. That is the truth.

[DER SPIEGEL] Many people think that this is just a tactical maneuver.

[Jovanovic] That is not true. We have severely condemned the occupation of 70 percent of the territory by the Serbs and accepted the Contact Group's plan, which allocates 49 percent of the Bosnian territory to the Serbs. The Serbs are not in a position militarily or politically to keep the present territory, and they dklm,o not have the moral right to do it either. That is pure madness.

[DER SPIEGEL] Who is the worse agitator: Karadzic or General Mladic?

[Jovanovic] The military leadership is responsible for the tough line. Mladic may be very stubborn, but he is a capable general. But: He was educated in Tito's schools, where he learned to obey political authorities. He does not want to get into trouble with Karadzic.

[DER SPIEGEL] Why do the Bosnian Serbs reject the Contact Group's peace plan so strongly, and why are they not willing to find a compromise?

[Jovanovic] They fear that they might lose power. They fear that NATO could ask them to clear the territory to be given up right after they have signed. But that would lead to chaos among the population and a revolt against the political leaders. After all, the leadership in Pale has always assured its people that the occupied land is Serbian land.

[DER SPIEGEL] Do you share Karadzic's fear?

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[Jovanovic] The Contact Group has assured us that the Serbs will not have to withdraw from these territories until the talks have been concluded with the Muslims on exchanging several territories. That means that the leadership in Pale would have enough time to prepare the population for the changes.

[DER SPIEGEL] Do you want to simply look on as Karadzic with his brutal actions is making the situation escalate even more?

[Jovanovic] I keep preaching to them: You can suffer from paranoid conditions as private individuals, or you can destroy your families, but you do not have the right to destroy an entire people.

[DER SPIEGEL] But instead of taking action against Karadzic you would surely intervene in support of your fellow Serbs, if the military conflict escalated.

[Jovanovic] If a foreign intervention resulted in a massive destruction or expulsion of Serbs, we would not be able to contain the population's solidarity with its brothers. Any government that rejects defense would be brought down.

[DER SPIEGEL] Do you believe that Muslims, Croats, and Serbs can still live together in Bosnia—as Bosnian President Izetbegovic has suggested?

[Jovanovic] Certainly not during the next few years. The ethnic groups would have to be separated like sons of hostile families until they have calmed down—in different apartments, but in the same house.

[DER SPIEGEL] You could imagine a multicultural Bosnia? But why then are you waiting so long with recognizing Bosnia under international law?

[Jovanovic] We demand in return that the leadership in Sarajevo and the West accept us as the legitimate successor of the former Yugoslavia, not as some new state. Both Izetbegovic and the West have rejected that so far. Apart from that we demand the complete lifting of the sanctions. And, of course, the situation of the Bosnian Serbs should also be clarified.

[DER SPIEGEL] But then you would be at Karadzic's mercy: As long as he refuses a solution you will not recognize Bosnia.

[Jovanovic] Let me put it this way: We would be pleased, if a solution could be found for the Serbs in Bosnia first. But we will not allow a madman to prevent a clever man from putting his international relations in order.

Karadzic Stand 'Unrealistic'

BR0606125395 Rome LA REPUBBLICA in Italian 5 Jun 95 p 4

[Report on interview with Yugoslav Foreign Minister Vladislav Jovanovic by Dino Frescobaldi in Belgrade; date not given: "Belgrade's Anger: Karadzic Stupid"]

[FBIS Translated Text] Belgrade—"We did all we could, and indeed rather more than that, to persuade Karadzic and the Pale leaders to be reasonable, but when we realized that it was pointless, we broke off direct contacts with them; now we have only indirect contacts." This was said by the foreign minister of what remains of Yugoslavia—that is, Serbia plus Montenegro—Vladislav Jovanovic. He received me not only to explain Belgrade's assessment of the present situation, but also to stress that it now creates a real rift between the Serbian-Montenegrin federation and the Bosnian Serbian republic.

He went on: "Karadzic and his men hold unrealistic stances: They still think that they can win the war, that they can unify Bosnia. They do not consider coexistence with others possible. As for the capture of the hostages, which we condemned from the outset, it is a sign of the nervousness that reigns on that side. The Carter plan was acceptable, but Karadzic and his men are stupid. The simple expression of acceptance of a proposal is not part of their vocabulary."

Minister Jovanovic is an expert diplomat. He at least accepts provocations. So I said to him: But you too are being criticized over the issue of the lifting of international sanctions, to be secured in exchange for your recognition of Bosnia's borders.

Negotiations on Home Straight

"The Negotiations are on the home straight, which is always the most difficult part," he replied. "We said 'yes' to the Contact Group's plan. Well, we are being asked to recognize Bosnia, but we in turn have a demand to make—that there also be recognition of the complete politico-juridical continuity of the Yugoslavia that we represent with respect to the former Yugoslav federation. Furthermore, there is the unresolved issue of the sanctions decreed only against us. In so doing the United Nations adopted an unbalanced policy. Now the Western nations are asking us to act as peacemakers; we are being told that we are an indispensable factor, after having been demonized, but the maintenance of sanctions conflicts with the role that we are being asked to perform. This, all the more so since the sanctions objectively strengthen the extremists; they help the people that want to continue, and perhaps extend, the war."

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Sanctions: This is the issue stressed by all those in Belgrade, starting with Milosevic himself, who now claim to be converts, however belated, to moderation and peace. In fact the sanctions have helped to create an alternative economy which provides a basis of prosperity for a powerful and widespread society of crime that combines the ultranationists with the profiteers of a black market that now operates openly. The latter constitute a mafia that brazenly defies the law and the authorities. We encountered it ourselves as we were driving in a car with diplomatic license plates together with a diplomat and happened to pass by the home of bandit and mafia leader Arkan; we were followed, stopped, and threatened by two thugs belonging to his bodyguard, from their own cars.

I asked the minister: How do you assess the danger that criminal organizations that have profited from the war and that are now operating freely could form a de facto alliance against peace together with the political extremists in Belgrade, such as Seselj and Co., and with the government of Pale?

Extremists and Speculators

"In certain circumstances there are extremists and speculators everywhere. Even in the Muslim government of Sarajevo, as there are in Croatia too. Now the world tends to see blame only on one side, the Serbian side, and not on the other sides, the Muslims and Croats. I would now like to draw attention to certain facts—that is, to those abroad who are fanning the flames of war. First and foremost, we have proof of the existence of an Islamic connection. Before the war the Bosnian Muslims were lukewarm in religious matters.

"Now, primarily in Iran, but also in other Islamic countries, it is believed that this is a good opportunity to convert them to fundamentalism. This is why the Muslim side receives a flood of funding every way. In other words, the aim is to make Bosnia a bridgehead for Islamic fundamentalism in Europe. The second fact concerns certain European governments. Among these I would cite the German Government in particular. How is it possible for it not to see the huge flow of weapons reaching Bosnia from the depots in the former East Germany?"

[Frescobaldi] Some people say that, despite appearances, there are negotiations between Milosevic and Tudjman over the partitioning of Bosnia. Can you confirm that?

[Jovanovic] Nonsense. The fact is that the Croats want to do to the Serbian population of Krajina that which they did to the Italian population in Istria after the war. The number of Italians was reduced from 300,000 to less than 30,000. This is ethnic cleansing as it is understood by Zagreb.

List of Nation's Most Successful Firms

95BA0258A Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 8 May 95 p 21

[Article by M.M.: "Food and Drugs"]

[FBIS Translated Text] As we reported a few issues back, in addition to the traditional publication of the "200 largest," this year EKONOMSKA POLITIKA will also publish the list of the 100 most successful firms in the country. Both tables are prepared with an entirely new, original, and protected methodology developed by a superb team of experts of the Federal Bureau of Statistics [SZS]. It would of course have been easier to use the customary standard for ranking firms by size—gross income—instead of more complicated and realistic indicators.

The real challenge, however, was establishing the performance indicators of individual firms, because the indicators the world is accustomed to—profit rate, gross profit, and so on—are unusable under domestic conditions. The shortcomings of the accounting system, the "elasticity" of year-end statements, of which the experts say frankly that they can be twitched up or down in a very broad range, and the possibility that a marginal firm with negligible turnover could prove to have the highest rate of profit, led the editors and the collaborators from the SZS to opt for a considerably more complicated methodology, but one adapted to conditions here. Before the edition comes out and before this approach is explained in detail by the statisticians who created it, it is sufficient to say that there are six indicators cross-tabulated by factor analysis.

Because this is our first such project, before making the final table, we had to check this model against the economy's business performance in the first six months of last year. The knowledge and professional competence of our collaborators from the SZS was thus passed through the filter of the experience of people on the editorial staff and their day-to-day information from the field. Out of all that came a trial list of the 200 most successful firms, the first 30 of which we are publishing; in the assessment of most of those who have had occasion to see it, it is fairly realistic, although it will probably undergo some changes on the basis of business results for the entire year. Aside from the two firms ranked at the top, the main thing to be noted, and it was probably this that convinced us once and for all that we were on the right track, is that agricultural combines, firms engaged in production and trade—above all

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the trade in foodstuffs—and pharmaceutical firms predominated. The real picture of the economic crisis is precisely that—workers on mandatory leave from large industrial firms have reduced their consumption to the minimum, to food and drugs, so it is logical that firms in those businesses should have profited the most.

1. "Srbija" PTT Belgrade

2. "Progres" Belgrade

3. "C-Market" Belgrade

4. "Fabrika Duvana [Tobacco Factory]" Nis

5. "PKB [Beograd Agroindustrial Combine]-implek [drug imports]" Padinska Skela Belgrade

6. PIK [agroindustrial combine] "Takovo" Gornji Milanovac

7. "Hemofarm" DD [joint-stock company], pharmaceutical and chemical company

8. "Soko-Nada Stark" Belgrade

9. "Krusik" Valjevo

10. "Invest-Import" Belgrade

11. "PKB-korporacija" Belgrade

12. "KFS-Energetski Kablovi [power cables]" Jagodina

13. "Zdravlje [Health]" Leskovac

14. "Trikom" Padinska Skela

15. "Jugopetrol" socialized firm with full liability for trade in oil and petroleum products Kotor

16. "BIP" Belgrade

17. "Ivo Lola Ribar-korporacija" joint-stock company Belgrade

18. "Vital" Vrbas

19. "Centroproizvod" Zemun Surcin

20. "Unifarm" medical supply firm Podgorica

21. "FKS-TKL" Svetozarevo Jagodina

22. "Plana" Velika Plana

23. "Zorka-pharma" Sabac

24. "Dijamant" Zrenjanin

25. Apatin Brewery Apatin

26. "Jugometal" Belgrade

27. "Beogradska pekarska industrija [Belgrade Baking Industry]" Belgrade

28. "Jugosecer [sugar]" DD Belgrade

29. "29. Novembar" Subotica

30. ZZ [farmers cooperative] "Lajkovac" Lajkovac

Serbia

Official Criticizes Lack of U.S. Refugee Help

LD0606171795 Belgrade TANJUG in English 1547 GMT 6 Jun 95

[FBIS Transcribed Text] Leskovac, June 6 (TANJUG)—Serbia's Commissioner for Refugees Bratislava Morina said Tuesday that the Yugoslav Republic of Serbia had given refuge to more than 430,000 displaced persons from war-torn territories in former Yugoslavia.

The number of refugees has been on the rise following the latest developments in western Slavonia, Morina said.

In talks with representatives of the local refugee centre in Leskovac, a town in the south of Serbia, Morina said that the Serbian people had done their utmost to help the refugees but that there was a lack of funds.

Many countries have shown good will by granting humanitarian aid but the provided assistance cannot meet the real needs, Morina said.

Only the United States has failed to take part in the latest humanitarian actions for refugees in these lands, although Washington blows its trumpet about its humanity and struggle for human rights, Morina said.

Milosevic, Greek Ministers Discuss Peace Process

Political Solution Seen

LD0606160195 Belgrade TANJUG Domestic Service in Serbo-Croatian 1520 GMT 6 Jun 95

[FBIS Translated Text] Belgrade, 6 Jun (TANJUG)—Republic of Serbia President Slobodan Milosevic received Greek Foreign Minister Karolos Papoulias and Defense Minister Yerasimos Arsenis this afternoon.

According to a statement issued by Milosevic's office, they discussed the current political situation in the region and the efforts to ease tensions and reach a peaceful resolution in the territories of former Yugoslavia.

It was stressed that Serbia and Greece hold concurring standpoints on the need to resolve the crisis politically by resuming negotiations between the warring sides, and on the need to defuse armed clashes in the territory of former Bosnia-Herzegovina.

Active cooperation between Serbia and Greece with the aim of moving the peace process forward and

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joint commitment to achieving full normalization in Belgrade-Skopje-Athens relations are of vital interest for the stability in the Balkans. The Federal Republic of Yugoslavia and Greece attach top political priority to this and want to make their maximum contribution.

Greeks Favor Lifting Sanctions

AU0606190395 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 6 Jun 95

[News conference by Greek Foreign Minister Karolos Papoulias and Defense Minister Yerasimos Arsenis, in Belgrade "after their talks with Serbian President Milosevic" on 6 June—recorded; Papoulias and Arsenis speak in Greek with passage-by-passage Serbo-Croatian translation]

[FBIS Translated Text] [Papoulias] We stressed once again the very good and cordial relations between Athens and Belgrade. I want to mention once again the essential and very important role played by President Milosevic with regard to the success of the peace process. You know very well, and I will repeat it again so that you do not forget it, Greece has been and remains in favor of the lifting of the sanctions that were introduced against new Yugoslavia. The sanctions have not contributed and are not contributing to anything, and are inflicting enormous damage to the economies of the neighboring countries.

You are all well aware of the joint action and the memorandum of the neighboring countries affected by the sanctions, the memorandum that we have sent to the UN secretary general.

I now ask my colleague and friend the Greek defense minister, Mr. Arsenis, to say a few words himself.

[Arsenis] I would like to reiterate all the points stressed by the foreign minister. We are encountering a favorable milieu regarding the need to find a political solution that could be applied to this problem and to remove all the possibilities of further military conflicts.

Bosnian Serbs 'Firmly Committed' to Negotiations

LD0706081995 Belgrade SRNA in Serbo-Croatian 0003 GMT 7 Jun 95

[FBIS Translated Text] Zvornik, 7 Jun (SRNA)—A group of 108 UNPROFOR [UN Protection Force] soldiers, who were held captive by members of the army of the Serb Republic [in Bosnia] as a preventive measure against attacks by NATO, crossed the border at Karakaj near Zvornik at 0100 today and continued into Serbia.

Among those released are members of the Spanish, Ukrainian, French, and British contingents of the UN forces.

The release of the members of UNPROFOR and their crossing into Serbia were announced at 1600 yesterday, but by that time only one bus carrying 58 Ukrainian, French, and Spanish soldiers of the UN forces had arrived in Zvornik.

A second bus with 50 "Blue Helmets" of the French, British, and Ukrainian contingents only arrived in Zvornik at 0040 today.

Jovica Stanisic, the special envoy of Serbian President Slobodan Milosevic and head of Serbian state security, who is accompanying the convoy, said that in the two days he spent in Pale, he was convinced that the leadership of the Serb Republic is firmly committed to negotiations and a political solution of the conflict.

"This is a further confirmation of the positive attitude of the Serb Republic and Serbia toward the international community," Stanisic told journalists when the convoy carrying the released UNPROFOR soldiers crossed into Serbia.

Stanisic added that he is convinced that this will not be a unilateral action by the Serb Republic and Serbia and that the international community will take positive steps.

Stanisic also expressed the hope that the remaining captive members of UNPROFOR will soon be released.

SPO Views Efforts To Solve B-H Problem

AU0606153695 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 6 Jun 95

[Report by Katarina Andric-Milosavljevic]

[FBIS Translated Text] The Serbian Renewal Movement [SPO] welcomes the initiative of Serbian President Slobodan Milosevic aimed at freeing the members of the peace forces and the fact that the leadership of the Serb Republic had immediately obliged, albeit [word indistinct]. This was stated, among other things, at the SPO's news conference today. Katarina Andric-Milosavljevic reports:

[Andric-Milosavljevic] Regarding the guarantees that the Serb Republic is demanding from the international community, the SPO takes the view that these guarantees are in the hands of the leadership of the Serb Republic. The army of that Serb state should respect the UN resolutions and should not engage itself in activities that provoke reprisals, SPO spokesman Ivan Kovacevic said.

The biggest guarantee for peace would be signature on the peace plan of the Contact Group. This would

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automatically change the stand of the international community toward the sides in the war.

The Muslim-Croat side would not be able to justify its offensives by the fact that the other side has not signed the peace plan, as has been the case up to now, Kovacevic stressed.

[Begin Kovacevic recording] The greatest danger to peace and the greatest war provocations in the former Yugoslavia as a whole represents Croatia's renewed aggression on the Republic of Serb Krajina. With this act, Croatia has overstepped the red line, and one should expect energetic and appropriate actions from the international community. If these actions do not follow, and Croatia continues aggression, we hold the view that Serbia and Montenegro will be forced to stop the aggressor. [end recording]

[Andric-Milosavljevic] Therefore, the Serbian Renewal Movement demands that the five powers members of the Contact Group react urgently, rationally, and decisively before it becomes too late for any rational moves.

Pelevic Discusses 'Final Solution' to Conflict

AU0606154795 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 6 Jun 95

[Report by Dragoljub Stankic]

[FBIS Translated Excerpt] The Party of Serbian Unity [SSJ] held a regular news conference today. Journalists were addressed by Borislav Pelevic, acting president of the party. Dragoljub Stankic has the details.

[Stankic] Recognizing the former Bosnia-Herzegovina as an union of two entities—that is, two states, the Serb Republic and the Muslim-Croat Federation, with the Serb Republic having the right to confederal ties with Serbia and the Muslim-Croat Federation with Croatia—would lead to the final solution to the conflict in that region, Borislav Pelevic stressed.

It is in the interest of the Serbian people that the conflict in Bosnia is resolved in a diplomatic way, as enough has already been gained the military way. Every war is followed by peace negotiations. Those that are already underway can also achieve, in addition to peace, the lifting of Yugoslavia's sanctions.

The SSJ welcomes every step that leads toward the unification of all Serb lands into one state, but holds the view that the unification of the Serb Republic and the Republic of Serb Krajina is an important political act that has to be coordinated with the other two Serb states, Serbia and Montenegro, that is, Yugoslavia.

According to Pelevic, there is a danger of individual unifications becoming the basis for the disunification of Serbs and moving us more and more away from the common goal. [passage omitted]

Ammunition Producer Copes With Sanctions

AU0606120495 Belgrade BORBA in Serbo-Croatian 30 May 95 p 10

[Article by Jovan Zaric: "Quality Provides the Market"]

[FBIS Translated Excerpt] A member of the extensive Yugoslav family for the production of ammunition and military equipment, "Prvi Partisan" from Uzice, is, together with some other similar companies, one that, despite the sanctions imposed on the Federal Republic of Yugoslavia, can boast that it is successfully dealing with its problems. In the last three years, which is how long the unjust embargo has been going on, they have not only managed to maintain a relatively satisfying level of production, but also to retain their excellent, highly qualified experts and their first class craftsmen.

At a recent scientific seminar, which was held in Divcibare under the name "Quality in the Specified-Purpose Industry and in the Army of Yugoslavia," it could be heard that the "Prvi Partizan," through several production programs, manufactures shooting ammunition, machines, equipment, tools, medical equipment, pneumatic manual tools, and deals with engineering. The director of the company, Malisa Cumic, said to BORBA:

"The 'Prvi Partizan' plant for specified-purpose production is today the only Yugoslav producer of shooting ammunition, and one of the most successful plants of military industry in the country. Our company does not have workers on paid leave, and at the moment nearly all resources are employed. Technology for the production of ammunition is very complex. Over the world there are technologies where the production process is completely automatized, but that is specific of producers who have a market with demand for large quantities of ammunition of the same caliber. We have defined a flexible technology because we have a wide variety of production. We produce 300 various types and kinds of ammunition, which would be impossible if our production process were completely automatized," Malisa Cumic said. With completely automatized technologies, a lot of time is needed to change the production of one caliber into that of another.

"Thanks to this, we are ready to react to all the demands of the market," the director explains. "We had a wide range of high quality before the sanctions, too, which enabled us to participate in the world market, because other producers were not in a position to offer such a variety of products. [passage omitted]

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